



# ***Daily Report***

## **China**

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Wednesday  
7 February 1996

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# Daily Report China

FBIS-CHI-96-026

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## General

### PRC: Spokesman Provides Casualty Figures on Yunnan Quake

OW0602135296 Beijing ZHONGGUO XINWEN SHE in Chinese 1111 GMT 6 Feb 96

[FBIS Translated Excerpt] Beijing, 6 Feb (ZXS) — Speaking at a news conference held at 1445 today, Chinese Foreign Ministry spokesman Shen Guofang said: Statistics obtained thus far show that the earthquake in Yunnan, China have left 246 people dead, 3,837 seriously wounded, and over 10,000 slightly wounded. A total of 330,000 houses have collapsed. China has not yet found any foreigner dead. Only an American tourist has suffered slight injuries that are not life-threatening.

Shen Guofang also said: Many countries and international organizations have made offers of assistance to China. These offers are being accepted. China is accepting these offers mainly through the Red Cross Society of China.

Shen Guofang stated: China welcomes the international community's humanitarian assistance for the Yunnan disaster area. [passage omitted on Portuguese foreign minister's visit; covered by referent item]

### PRC: Spokesman Lashes Out at Possible U.S. Sanctions

HK0702054996 Hong Kong TA KUNG PAO in Chinese 7 Feb 96 p A2

["Special dispatch" from Beijing on 6 Feb: "Shen Guofang Lashes Out at U.S. Threat of Sanctions"]

[PTS Translated Text for FBIS] Foreign ministry spokesman Shen Guofang said that if the United States applies sanctions against China, it is the U.S. commercial interests in China that will ultimately suffer.

At a reception for reporters held by the Chinese foreign ministry this afternoon, while commenting on the report that the United States threatens to take sanctions against China over intellectual property rights protection, Shen Guofang said that protecting intellectual property rights is China's basic national policy. Over the last year, the Chinese side has stepped up law-enforcement and taken a series of steps to crack down on piracy, straighten out the markets for audio-video products and publications, and seriously punished those units and factories infringing upon intellectual property rights and those found guilty of copyright infringements. Scoring many successes. All of this meets China's needs for reform, opening up, and economic development. I believe, Mr. Kantor's threat will not have any effect on China. If the United States applies sanctions, it is the

U.S. commercial interests in the China market that will ultimately suffer.

Shen said China and the United States are divided over intellectual property rights protection and have some problems to settle over the issue. We are of the opinion that the two sides should calm down and sit down to settle their differences and problems through negotiations on the basis of equality, rather than applying sanctions.

### PRC: Spokesman Confirms Intention To Cut Import Tariffs

HK0702082596 Beijing CHINA DAILY in English 7 Feb 96 p 1

[By Lu Hongyong: "Ministry Reaffirms Resolve To Cut Tariffs"]

[PTS Transcribed Text for FBIS] China yesterday reaffirmed its intention to slash tariffs on nearly 5,000 categories of imports by one-third.

Foreign Ministry spokesman Shen Guofang declined to confirm or deny reports that China is scheduled to cut import tariffs on cars by 10 per cent as of April 1, but he confirmed that China is expected to slash tariffs on 4,963 categories of imports by an average of 35 per cent.

Asked whether the car tariff reduction could affect China's chances of joining the World Trade Organization, he replied: "Measures made in this regard are, I think, to meet the needs of China's economic growth and its drive of opening-up."

Nor would he confirm or deny reports that China is soon to launch a military exercise off the coast of Fujian Province.

"I would not make a comment on if there will be a military exercise or what kind of an exercise it might be because it's purely an affair of the military," he said.

He reiterated intellectual property rights (IPR) protection is one of China's basic State policies.

China has taken a series of steps to intensify its law enforcement such as cracking down on IPR piracy last year, he said.

"We believe all these (efforts) serve the needs of China's reforms and opening-up and the threat by (US Trade Representative) Mickey Kantor will have no impact on China."

Kantor warned yesterday in Hong Kong that he expected China to either do enough in the next 20 days, including



shutting down 34 factories suspected of IPR infringement, or face \$1 billion worth of trade sanctions.

"The market in China is highly competitive and if the US side intends to impose sanctions, it will only end up harming US business interests in China," he cautioned.

Differences and problems between China and the United States should be put on the table for discussion "in a pacified mood and on the basis of equal consultation instead of resorting to trade sanctions," he said.

**PRC: Spokesman: No Comment on Military Exercises, Deng**

*HK0702032696 Hong Kong TA KUNG PAO in Chinese 7 Feb 96 p A2*

[Special dispatch]: "Shen Guofang Says Military Exercises a Concern of the Military"]

[PTS Translated Text for FBIS] Beijing, 6 Feb (TA KUNG PAO)—A spokesman for China's Ministry of Foreign Affairs has declined to comment on its military exercises, saying that this is purely a concern of the military.

In response to a question on whether China has recently conducted military drills in Fujian waters, Shen Guofang said: I do not want to comment on military exercises because this is purely a concern of the military.

When asked to confirm the rumor that Deng Xiaoping has traveled to Zhuhai for the winter holidays, he said: I cannot confirm it.

**PRC: UN Envoy Urges Dialogue To Achieve Peace in Angola**

*OW0702014096 Beijing XINHUA in English 2337 GMT 6 Feb 96*

[FBIS Transcribed Text] United Nations, February 6 (XINHUA) — Members of the Security Council today urged both the Angolan government and the Uniao Nacional para a Independencia Total de Angola (UNITA) to show sincere political will and make more efforts to accelerate the peace process.

At today's orientation debate, council members discussed the latest report of Secretary-General Butrus Butrus-Ghali on the United Nations Angola Verification Mission (UNAVEM III).

The secretary-general recommended in his report that the mandate of the peacekeepers in Angola be extended for a further six months until August 8, 1996.

Butrus-Ghali noted that the peace process in Angola has been proceeding at a "disappointingly slow pace."

Francesco Paolo Fulci, permanent representative of Italy, said on behalf of the European Union that the peace process was at a turning point, and it was up to the Angolan parties to demonstrate whether the new direction would be a positive one.

He said the EU welcomed the commitment recently made both by the government and by UNITA on a new timetable to move the peace process forward. He urged both parties to increase cooperation on important aspects of the peace agreements, such as the formation of the joint armed forces.

Chinese ambassador Qin Huasun said that negotiation and dialogue remained the only way for Angola to remove differences and achieve national reconciliation.

"We hope the two sides, particularly UNITA, will honor their commitment and, taking into account their national interests, cooperate with UNAVEM III and implement in a comprehensive manner the Lusaka Protocol and the relevant resolutions of the council so as to create conditions to advance the peace process and achieve national reconciliation," he said.

Russian representative Sergey Lavrov said that the Russian Federation had noted the actions undertaken by the Government of Angola and hoped that they would be rewarded by the international community. He also urged UNITA to adopt concrete action and cooperate with UNAVEM III.

Legawaila Joseph Legawaila, representative of Botswana, urged the international community to bring pressure on UNITA to demonstrate its commitment to the peace process. The council must be united in sending a strong message to UNITA that procrastination and prevarication could not be accepted, he added.

**PRC: UN, Norway, Russia Provide Aid to Yunnan Quake Victims**

*OW0702014196 Beijing XINHUA in English 2332 GMT 6 Feb 96*

[FBIS Transcribed Text] United Nations, February 6 (XINHUA) — Two agencies of the United Nations have decided to donate 50,000 dollars each as relief to the earthquake victims in Yunnan Province, southwest China.

A spokesman for the United Nations secretary-general announced today that the Department of Humanitarian Affairs (DHA) is serving as the focal point for relief activities in the immediate aftermath of the disaster and is channeling cash and in-kind contributions for the purpose.

The other agency which has allocated the same amount of money is the United Nations Development Program.

The Norwegian government has contributed a 50,000 dollar emergency grant through the DHA, and the Russian Federation has contributed in-kind, making available four IL-76 transport planes of relief supplies, according to the spokesman.

A strong earthquake measuring seven on the Richter scale hit Lijiang and Zhongdian counties in the north-west of Yunnan province last Saturday [3 February]. So far, 246 people have been killed and about 15,000 people injured, including 3,837 people severely injured, during the disaster.

### United States & Canada

#### PRC: Editorial Criticizes Clinton's China Policy

HK0702083496 Hong Kong HONGKONG  
STANDARD in English 7 Feb 96 p 12

[Editorial: "Who Asked Your Opinion, America?"]

[PTS Transcribed Text for FBIS] United States President Bill Clinton is having a hard time these days because of his China policy — or lack of one.

First it was said a credibility crisis existed; few people believed what he and his advisers said. Now there is said to be a crisis of confidence, which presumably means there is little or no faith in his judgment.

This sorry state of affairs is a result of the Clinton administration's failure to see clearly what America's interests are in China and — worse yet — its failure to think through the best way of securing them.

That is why US National Security Adviser Anthony Lake held a meeting on 4 January with non-governmental China specialists. The discussion was described at the time as part of an ongoing effort by the Clinton administration to define a new and improved US China policy.

Taiwan was also on the agenda. And former US assistant defence secretary Chas Freeman reportedly revealed China's People's Liberation Army had prepared plans for a series of attacks against the island, consisting of one conventional missile strike a day.

Now, Washington has urged Asian governments to "do everything necessary" to calm tension between Beijing and Taipei.

We noted in an editorial on 25 January that Mr Clinton's State of the Union address contained little of interest to the world at large. However, our attention was attracted by one sentence. "We must not be isolationist or the

world's policeman but we can be its best peacemaker," Mr Clinton said.

The question is: Will America help or hinder the cause of cross straits peace with this appeal to Asian governments.

Tensions and problems between Beijing and Taipei generally arise when foreign nations take sides in these Chinese disputes and create uncertainty regarding their own policy intentions.

On the ground, relations are not so icy. Taiwanese, directly or indirectly, are among the largest investors in mainland China and the Taiwanese economy is one of the mainland's principal trading partners. All the sabre-rattling on both sides of the Taiwan Straits has not changed and will not change that.

The truth is the sabres that are rattled are rarely unsheathed. Shouting matches are far more common than shooting matches.

It is also true that cross-straits tension causes anxiety throughout the region. It is clearly in the interest of other Asian countries to try and calm things down. This could certainly be a positive move — far more positive than any American interference in what China sees as a domestic issue.

Beijing will almost certainly reject any "holier-than-thou" comments from Washington about any large-scale military exercises that China might or might not stage near Taiwan before the island's 23 March presidential elections — especially since America regularly holds similar war games with its South Korean ally each year in order, presumably, to warn Pyongyang not to "cross the line".

Our message to Washington would be: "Let Beijing and Taipei shout at each other. Let them settle their problems on their own. And keep your nose out of it."

#### PRC: U.S. Accused of Failing To Help on Copyright Piracy

HK0502081296 Hong Kong SOUTH CHINA  
MORNING POST in English 5 Feb 96 p 9

[By Agnes Cheung In Guangzhou]

[PTS Transcribed Text for FBIS] A Senior official in Guangdong yesterday accused the United States of failing to help China stem copyright piracy as promised.

It was unfair for US trade official Mike Kantor to criticise China for not making enough effort to protect intellectual property rights, said Xu Dezhi, chairman of the Guangdong Provincial Foreign Economic Relations and Trade Commission.

"Last year when the United States signed the memorandum with China on intellectual property rights protection it promised to give technological and even financial co-operation to help crack down on copyright infringements," Mr Xu said. "But basically it has not fulfilled its promises."

He noted that Guangdong, like other parts of China, was cracking down on copyright infringement resolutely. But the piracy problems involved overseas organisations, and China needed advanced technological assistance and facilities to carry out the work, he said.

Mr Xu added that most of the moulds for manufacturing illegal compact discs that had been confiscated came from outside the mainland, particularly Hong Kong. He said that China had closed down factories pirating foreign products, arrested people involved and banned laser film cinemas to stem copyright infringement.

"We have been doing what we should do," Mr Xu said. "It is absolutely unfair for Mr Kantor to make such criticisms."

Mr Kantor has warned that the US might impose trade sanctions on China if it failed to make satisfactory improvements in protecting intellectual property rights.

Mr Xu said Guangdong had seized more than two million pirated compact discs, cassette tapes and other products in the past few years, and more than 3,000 people had been arrested. He also said Guangdong would relax the quota for domestic sales of products manufactured by foreign investors.

The move is aimed to attract foreign investment to Guangdong to alleviate foreign trade difficulties.

Mr Xu said foreign manufacturers in Guangdong with advanced technologies would be allowed to sell more of their products on the mainland in the next five years. He added that there might even be no quota set on the amount of products permitted to be sold.

In reviewing the province's foreign trade situation last year he said national macro-economic controls and tight financial policies had made it difficult for Guangdong to achieve trade targets.

Authorities planned to adjust production structures and market strategies, and improve the investment environment and economic efficiency this year, he said.

## Southeast Asia & Pacific

### PRC: Jiang Zemin Meets With Thai Senate Speaker

OW0702121696 Beijing XINHUA in English  
1135 GMT 7 Feb 96

[FBIS Transcribed Text] Beijing, February 7 (XINHUA) — Chinese President Jiang Zemin said here today that China is willing to work together with Thailand in an effort to raise Sino-Thai relations to a higher level.

During a meeting with Michai Ruchaphan, speaker of the Thai Senate, Jiang cited him as the "old friend of the Chinese people" for "a lot of useful work he has done to promote the growth of bilateral ties."

Jiang said that last year, which marked the 20th anniversary of the establishment of diplomatic ties between China and Thailand, was a milestone in the history of bilateral relations.

Over the past 20 years, Jiang noted, the two countries have been trusting each other politically and have made strides in expanding economic cooperation and trade ties. Also, the two countries have worked together closely in international and regional affairs.

All these have laid a good basis for the further development of bilateral relations, Jiang added.

"We fully confide in the future of Sino-Thai relations," Jiang said. "China is willing to make joint efforts with Thailand in order to raise the friendly ties to a higher level in line with the principles of mutual respect, equality, cooperation and common development."

Michai said Thai-Chinese relations have kept growing smoothly for many years and such ties are becoming increasingly closer.

This year marks a new beginning of bilateral relations, he said, adding that he believes the existing friendly relations between the two nations are expected to grow further in the coming 10 years.

Praising the achievements China has made in developing its economy, Michai said Thailand believes that China's development will be playing an important role in maintaining economic growth and social stability in the Asian region.

### PRC: Li Peng Receives Thai Senate Speaker

OW0702115996 Beijing XINHUA in English  
1126 GMT 7 Feb 96

[FBIS Transcribed Text] Beijing, February 7 (XINHUA) — Chinese Premier Li Peng expressed the hope today that Thailand will be playing an important role



in hosting the upcoming Asia-Europe Summit meeting, which is to be held in Bangkok in early March.

In a meeting with Michai Ruchuphan, speaker of the Thai Senate, Li said he hoped the summit meeting will achieve the goals of increasing mutual understanding and strengthening cooperation.

Li said that Sino-Thai relations have witnessed new progress in recent years and that the discussions and cooperation between the two countries in international affairs have been further enhanced. The premier expressed his satisfaction to this.

Li commented that Thailand's economy has maintained the momentum of growth and the country's foreign exchanges have been expanding.

The fact that the first Asia-Europe Summit meeting will be held in Thailand shows that Thailand's position and role in international affairs are becoming more prominent, Li noted.

Li added that he was happy to have the opportunity to attend the meeting and visit Bangkok again.

Li also welcomed Thai Prime Minister Banhan Sinlapachai to visit China at a convenient time.

Michai conveyed his sympathy to the people in the earthquake-stricken areas in South-west China's Yunnan Province.

The senate speaker said that Thailand appreciates the achievements China has made in economic and social development.

He held that China, as a big nation, has maintained the favorable momentum of development. The Asian nations hope that China would maintain stability and steady growth, he added.

Michai went on to say that Thailand appreciates China's just stand on the major international issues. Thailand hopes China would play an important role in the Asia-Europe Summit meeting, he added.

**PRC: CPPCC Chairman Meets With Thai Senate Speaker**

OW0602135796 Beijing XINHUA in English  
1337 GMT 6 Feb 96

[FBIS Transcribed Text] Beijing, February 6 (XINHUA) — Li Ruihuan, chairman of the Chinese People's Political Consultative Conference (CPPCC) National Committee, had a meeting here this evening with Michai Ruchuphan, speaker of the Thai Senate.

Li, who visited Thailand last December, extended a warm welcome to Michai, who is here as Li's guest.

Li said that the frequent exchanges of high-level visit between the two countries play an irreplaceable part in promoting the development of bilateral relations.

He expressed the belief that the current visit of Michai would help promote the development of bilateral ties.

Li went on to say that bilateral relations between the two countries are like those between relatives and the two countries have every reason to further develop such ties.

The CPPCC chairman quoted King Phumiphon Adunyadet of Thailand as saying that relations between the two countries "were good in the past, are good at present and will be better in the future," and that China's development benefits not only China itself, but its neighbors and the whole world as well.

Li said he hopes the two countries would make joint efforts to push bilateral relations further ahead.

Michai shared Li's view by saying that there exists traditional friendship between Thailand and China and that he is here as if he is visiting a relative.

Michai expressed his appreciation of China's rapid economic development and the achievements the Chinese people have scored.

He said that a strong China is conducive to peace and development in this region as well as the world as a whole. He added that China's development has increased the confidence of the countries in this region.

Michai added that the exchanges and cooperation between his senate and the CPPCC National Committee would be further strengthened.

**PRC: Ramos Extends Condolences to Yunnan Quake Victims**

OW0702112196 Beijing XINHUA in English  
1107 GMT 7 Feb 96

[FBIS Transcribed Text] Manila, February 7 (XINHUA) — Philippine President Fidel Ramos today expressed his sincere sympathies and condolences to earthquake victims in Lijiang, Yunnan province, southwest China.

In a letter to Chinese President Jiang Zemin, Ramos said that "the Philippines, as a country affected by these natural calamities, understands the grief and anguish of the victims and their families over this tragedy."

He said the Philippine government shares the optimism of the Chinese people that Lijiang, renowned for its scenic beauty, will "rise above the ruins."

"Such tragedy undoubtedly tests the resiliency and the ability of the Chinese people and fellow Asians to rise above this crisis," said the president.

### West Europe

#### PRC: LE MONDE on French Communist's Comment in Beijing

BR0602124796 Paris LE MONDE in French  
5 Feb 96 p 24

[Report by Francis Deron: "The National Secretary of the French Communist Party Trapped by the Chinese"]

[FBIS Translated Text] Robert Hue, national secretary of the French Communist Party (PCF), has fallen into a trap during the visit he is currently making to China, for having agreed to play the game of secrecy in the corridors of power in Beijing. He finds himself pictured on the front page of the official press apparently assuring head of state Jiang Zemin of his party's full support in repressing Tibet and any military operation against Taiwan.

Indeed, this was the gist of the Chinese account of the record-breaking meeting on Friday, 2 February: Mr. Jiang, who can be assumed to be rather busy, devoted nearly three hours of his time to Mr. Hue, the first leader of the French Communist Party to make the trip to Beijing since Georges Marchais' visit in 1982. Mr. Hue was thanked by Mr. Jiang, who is also the leader of China's Communist Party and Army, for the positions taken up by the PCF regarding "major questions like Taiwan and Tibet."

Mr. Hue set the record straight in a press release published in Paris the same day, deploring the "serious inaccuracies" contained in the dispatch by the Agence Chine Nouvelle [New China Agency] reporting on what had been said. Regarding Taiwan, Mr. Hue had supposedly just reiterated his party's opposition to any French arms sales (in fact the PCF welcomed sales to Taiwan as good, solid contracts guaranteeing jobs in the military industry). On the subject of Tibet he "criticized the politicization of the Tibetans' religious sentiments;" however he went on to say that "where the other aspects of these same issues were concerned — as well as China's treatment of its opponents or the issue of nuclear tests — I took pains to raise them with my Chinese dialogue partners from the very first day [of my visit]." Mr. Hue had just visited Hiroshima during a trip made to Japan at the invitation of the Japanese Communist Party, an opportunity which he used to criticize Jacques Chirac's policy on nuclear armament from abroad.

The PCF, which is described as a "major Communist force in the Western world," was also credited by

the Chinese with having made a major contribution to the development of French-Chinese relations. The compliment is one to savor, bearing in mind the extent to which the PCF criticized Beijing the day after the Tiananmen crackdown in 1989.

For China, rolling out the red carpet for Mr. Hue is a way of thumbing its nose at Paris before the arrival on 7 February of Foreign Minister Herve de Charette. Will the French minister also be offered three hours of talks with the hierarchical leader of the [Communist] regime? In vain can Mr. Hue rejoice at the "candor" of his contacts in Beijing; unwittingly he found himself caught up in a diplomatic maneuver aimed at the French Government, a maneuver which — in the end — backfired on him.

#### PRC: French Foreign Minister Previews Visit

OW0602165296 Beijing XINHUA in English  
1619 GMT 6 Feb 96

[FBIS Transcribed Text] Paris, February 6 (XINHUA) — French Foreign Minister Herve De Charette told Chinese reporters here today he hopes to boost trade ties with China during his five-day visit to the country this month.

De Charette said China is of prime importance to France's overall Asia policy, hence it should be his first destination on his first trip to Asia.

"Both China and France are permanent members of the United Nations Security Council and shoulder world responsibilities," he said. "Their functions and roles exceed their respective regions. Therefore, France hopes to consult with China on all major international issues."

De Charette, who is to visit China on February 7-11, also stressed that France hopes to expand economic ties with China. He said that the two countries should balance their bilateral trade to allow France to get an adequate share of the Chinese market.

Noting that some French companies in the energy and auto-manufacturing industries scored significant success in China last year, De Charette encouraged more French enterprises to invest in the country.

He also stressed France's support for economic cooperation between the European Union and China. The EU views China as an important partner and maintains a constant dialog with its leaders.

He noted that the EU has signed agreements on cooperation programs with China, particularly on development aid and training.

On Taiwan, the foreign minister said his country's position, as demonstrated in the Sino-French joint



communiqué issued in January 1994, is clear and coherent.

France recognizes the People's Republic of China as the sole legitimate government of China with Taiwan as its inalienable part, he added.

**PRC: French Foreign Minister Arrives in Beijing 7 Feb**

OW0702025896 Beijing XINHUA in English  
0230 GMT 7 Feb 96

[FBIS Transcribed Text] Beijing, February 7 (XINHUA) — French Foreign Minister Herve de Charette arrived here today for a five-day visit to China at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen.

This is the French foreign minister's first visit to China. He is to meet Chinese President Jiang Zemin and Premier Li Peng, and to hold talks with Qian.

Accompanying him on the visit were high-ranking French officials, industrialists and businessmen. The minister and his party will also visit Xian and Guangzhou during their tour.

**PRC: Wei Jianxing Receives Portuguese Communist Party Secretary**

OW0702064096 Beijing XINHUA in English  
0619 GMT 7 Feb 96

[FBIS Transcribed Text] Beijing, February 7 (XINHUA) — Wei Jianxing, member of the Political Bureau and Secretariat of the Chinese Communist Party (CPC) Central Committee, met with Carlos Carvalhas, general secretary of the Communist Party of Portugal, and his party here today.

Wei, who visited Portugal last November at the invitation of the Portuguese Communist Party, and Carval has exchanged views on the development of relations between the two communist parties and other issues of common interest.

Carval has and his party arrived here Tuesday as the CPC's guests.

**PRC: MOU Signed With UK on Automotive Issues Cooperation**

OW0502173196 Beijing XINHUA in English  
1652 GMT 5 Feb 96

[FBIS Transcribed Text] London, February 5 (XINHUA) — Britain and China today signed a Memorandum of Understanding [MOU] on future cooperation on automotive issues which opens up opportunities for UK motor components companies in China.

Signed by Ian Lang, British trade secretary, and He Guangyuan, China's minister of Machinery Industry, the agreement is expected to result in collaborative projects, new joint ventures and technology transfer.

Speaking at the signing ceremony, Lang said that Britain is committed to playing a full part in developing of the Chinese automotive industry through the development of long term relationship, both at government and industry level.

"The memorandum marks a further step in cementing the relationship between the governments and automotive industries of the UK and the People's Republic of China," he said.

"More importantly, it reflects the strong desire of both countries to cooperate more closely in creating substantial new business opportunities for UK and Chinese companies," he added.

The agreement came a year after the British Department of Trade and Industry (DTI) launched a joint initiative with the Society of Motor Manufacturers and Traders to increase the level of collaboration with China.

It was triggered by the DTI's conviction that China will have become the biggest automotive parts market in the world by 2005.

**PRC: Norway, Sweden Offer Earthquake Rescue Help**

OW0702044796 Beijing XINHUA in English  
0152 GMT 7 Feb 96

[FBIS Transcribed Text] Stockholm, February 6 (XINHUA) — Norway and Sweden have offered to help with rescue work in southwest China's Yunnan Province which was rocked by an earthquake registering 7.0 on the Richter Scale last weekend.

Norwegian Minister of Development Cooperation Kari Nordheim Larsen declared Monday that Norway will provide 2 million kroner (300,000 U.S. dollars) through its Red Cross Society for the disaster area to buy medicine and other emergency supplies.

Norway is ready to send three delegates to join a special UN Team assessing the damage and will provide further assistance if necessary, she said.

In another development, Swedish Foreign Minister Lena Hjelm-Wallen has sent a condolence message to the Chinese government saying that Sweden is prepared to help the quake-hit area at any time at the request of China or international humanitarian aid organizations.

The quake, which occurred Saturday evening, left at least 238 dead, 3,800 seriously injured and 332,600 houses and buildings in ruins.

### **Latin America & Caribbean**

#### **PRC: Zhu Rongji Sees 'Bright Future' for Latin America Ties**

*OW0602151396 Beijing XINHUA in English  
1459 GMT 6 Feb 96*

[FBIS Transcribed Text] Dresden, February 6 (XINHUA) — Cooperation between China and Latin American has a bright future, Chinese Vice Premier Zhu Rongji said at the end of his 11-day Latin American tour.

Zhu, who starts a week long visit to Germany today, said his visit to Argentina, Chile and Uruguay has helped enhance high-level contacts, strengthen understanding, and promote mutual cooperation between China and the three countries.

He said developing friendly relations with Latin American countries and increasing high-level contact is increasingly important for China as economic and trade relations have developed rapidly over the last few years.

In 1995, the total volume of bilateral trade between China and Latin American countries jumped 30 percent to 6.1 billion U.S. dollars.

Vice Premier Zhu said that during his visit to the region between January 26 and February 5, he exchanged views with leaders of the three countries on bilateral relations and international issues of common concern.

He witnessed the great achievements made by the people of the three countries, their warmth towards the Chinese people and their strong desire to develop relations with China, he noted.

Zhu expressed gratitude to the three countries for their one-China policy and their policy of not having official relations with Taiwan, which is an inalienable part of China.

China and Latin American countries, which share a strong desire to enhance their economic and trade relations, have both advantages and disadvantages which complement each other, he pointed out.

He added that Sino-Latin American relations, which already have a solid foundation, should be further developed both in depth and breadth.

### Political & Social

#### PRC: Official Says Deng in 'Pretty Good Shape;' Not in Zhuhai

HK0702061996 Hong Kong MING PAO in Chinese  
7 Feb 96 p c1

[Report by special reporter Chu Zhan-kang (2612 3277 0474): "Deng Xiaoping Has Not Gone Down South; Yang Shangkun Inspects Zhuhai Instead"]

[PTS Translated Text for FBIS] Yesterday, Liang Guangda, secretary of Zhuhai City Party Committee, denied Deng Xiaoping's current inspection tour of Zhuhai, as some Hong Kong media had reported. He said, recently, there have been officials from Beijing and from other provinces and cities inspecting Zhuhai, but not Deng Xiaoping, the CPC senior statesman.

To this newspaper's knowledge, there has been a CPC senior statesman inspecting Zhuhai recently; it was none other than Yang Shangkun, who earlier had been on an inspection tour of Shantou, Lufeng, and Shenzhen.

According to Liang Guangda, he has learned that the CPC senior statesman Deng Xiaoping is presently in pretty good shape [mu qian di shen ti zhuang kuang shen jia 4158 0467 4104 6500 7555 3692 0400 3928 0163].

To the question of what Zhuhai will do for the stability and prosperity of Hong Kong, Liang Guangda answered, the planned Lingdingyang Bridge will play an active role in the economy of Hong Kong. He hoped that the Hong Kong side would make a decision soon on the bridge's terminal on the Hong Kong side so that surveying work could begin as soon as possible. He hoped that the project would officially break ground in 1997.

In addition, Liang Guangda disclosed that Zhuhai had already made an official proposal to the provincial people's congress and the National People's Congress, in the hope that Zhuhai would be granted legislative power so that the city's investment environment would improve.

#### PRC: Wu Bangguo Visits Yunnan Quake Disaster Area

OW0702110096 Beijing XINHUA Domestic Service  
in Chinese 1527 GMT 5 Feb 96

[By reporter Du Kuichang (2629 1145 2490)]

[FBIS Translated Text] Kunming, 5 Feb (XINHUA) — Entrusted by General Secretary Jiang Zemin and Premier Li Peng, Wu Bangguo, member of the CPC Central Committee Political Bureau and vice premier

of the State Council, despite the danger of aftershocks yesterday afternoon and this morning, led a central consolation delegation to disaster stricken areas in Lijiang and Zhongdian counties in Yunnan and visit cadres and the masses of various nationalities suffering from the recent earthquake. On behalf of the party central committee and the State Council, Wu Bangguo expressed sympathy and conveyed General Secretary Jiang Zemin's and Premier Li Peng's kind concern for and regards to them.

As soon as the earthquake measuring 7.0 on the Richter's scale struck the areas in which Lijiang Naxi Autonomous County and Zhongdian County of Deqen Zang Autonomous Prefecture border each other in Yunnan at dusk on 3 February, it caught the attention of leading comrades of the party central committee and the State Council. In the afternoon of 4 February, immediately after the central consolation delegation led by Vice Premier Wu Bangguo rushed from Beijing to Lijiang, it proceeded from the airport directly to Wenzhi village by car to inspect the damage caused by the earthquake and to express solicitude to the masses in the area. Seeing that all the houses of the village where some 50 households of the Naxi and Bai nationalities live in compact communities had cracked and toppled over as a result of the earthquake and that all the masses — men and women, old and young — were sleeping in the open on both sides of the road and in yards, he encouraged cadres of the village to quickly organize the masses to rebuild their houses as soon as possible by relying on themselves. At Dayan Town in Lijiang County, where 60 people were found dead after the earthquake, Wu Bangguo firmly held the hands of cadres and masses, and inquired in detail about the difficulties they encountered in their lives after the earthquake. An old man named Huiji of the Naxi nationality said emotionally: "As the party central committee shows concern for the masses in disaster areas in such a way, we must build confidence and do a good job in providing disaster relief!"

At Lijiang and Zhongdian, the central consolation delegation led by Vice Premier Wu Bangguo also visited officers and men of the People's Liberation Army [PLA] and the Chinese People's Armed Police Force [CPAPF], public security cadres and police, medical care workers, and seismological station (center) personnel who took part in rushing to deal with the disaster and providing relief. At Zhongji village of Huangshan Township and Ronghua village of Baisha Township in Lijiang County, he saw officers and men of a PLA regiment stationed there and two armed police and firefighting detachments carrying out the mission of rushing to deal with the disaster and encouraged them to develop the glorious



tradition of the people's army, help local masses of various nationalities rebuild their houses as soon as possible, and render new meritorious services to the people. Wu Bangguo enquired of cadres from the seismological bureau about the monitoring situation in detail before and after the occurrence of the earthquake. He said to leading comrades of Yunnan Province: We definitely must make vigorous efforts to do a good job of earthquake prediction and forecasting in regions with a high earthquake incidence like Yunnan.

When Wu Bangguo studied with provincial, prefectural, and county cadres as well as cadres of relevant departments in Yunnan about how to do a good job in providing disaster relief in a thoroughgoing way, he pointed out: The Yunnan Provincial Party Committee, the Yunnan Provincial Government, and party organizations at all levels in the disaster areas gave effective directions for organizing the tasks to provide disaster relief. PLA and CPAPF officers and men as well as public security cadres and police made outstanding contributions when they provided disaster relief. Treating the disaster as their command, they raced against time in saving the people's lives and properties, and put up a tenacious fight against the earthquake disaster. He stressed the following four requirements: First, it is necessary to encourage the spirit of self-reliance, plain living, and hard struggle. As it is very cold now, a task of top priority is to solve the problems of food, clothing, shelter, and medical care for the people in disaster areas. Only when we have solved the problems of food and clothing can we set people's minds at rest, and only by relying on the force of the masses of the people themselves can we score a victory in providing disaster relief. Second, it is necessary to strengthen leadership and bring into full play the role of party organizations at all levels as a fighting bastion as well as the exemplary vanguard role of party members. As cadres at all levels and the vast numbers of party members shared weal and woe with the masses in the fight against the earthquake disaster, a number of good people and good deeds have emerged. In the future, if we want to further do a good job in providing disaster relief, cadres and party members must be present wherever there are difficulties and perils. Meanwhile, we must give play to the role of the militia as a shock brigade. Third, it is necessary to successfully conduct political and ideological work. We must make the masses further realize the superiority of the socialist system and strengthen unity among all nationalities through the efforts to provide disaster relief. Fourth, we must make overall arrangements for providing disaster relief and other tasks so as to resume production and rebuild houses as soon as possible.

Among the members of the central consolation delegation were Zhou Ziyu, deputy director of the PLA General Political Department; and Liu Jimin, Ma Kai, Shi Wanpeng, Li Baoku, Li Yanling, Zhang Yanxi, Wang Longde, and Chen Zhangli, comrades in charge of relevant departments of the State Council. Gao Yan, secretary of the Yunnan Provincial Party Committee; Yunnan Governor He Zhiqiang; Zhang Zhijian, political commissar of the Chengdu Military Region; and Ma Zilong [7456 1311 7893], political commissar of a certain army unit, accompanied the central consolation delegation on its visit to the earthquake disaster areas in Lijiang and Zhongdian to express solicitude to the masses of various nationalities.

#### **PRC: Roundup on Jiang Zemin Speech Anniversary** **OW0702053196**

[FBIS Report] PRC media monitored by Okinawa Bureau from 31 January to 6 February carried the following reports on activities marking the first anniversary of Jiang Zemin's speech on peaceful reunification with Taiwan.

Beijing XINHUA Domestic Service in Chinese at 1420 GMT on 31 January carries a 1,296-character report on a forum convened by democratic parties and the All-China Federation of Industry and Commerce [ACFIC] on 31 January in Beijing to mark the first anniversary of President Jiang Zemin's speech: "Continue To Promote the Reunification of the Motherland." Li Peiyao, chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, presided over the meeting. In a speech to the meeting, Li Peiyao praised President Jiang Zemin's speech as a programmatic document that put in concrete terms Comrade Deng Xiaoping's great concept of "peaceful reunification; one country, two systems." He urged democratic parties to rally closely around the CPC Central Committee with Comrade Jiang Zemin as the core, to further expose and criticize Li Denghui's [Li Teng-hui] nature as one promoting "false reunification and true independence," to make positive efforts in promoting cross-strait exchanges, and to bring about an early reunification of the motherland.

Beijing XINHUA Domestic Service in Chinese at 1232 GMT on the same day carries a 1,217-character report on a forum sponsored by the Central Committee of the Taiwan Democratic Self-Government League [TDSGL] and the All-China Federation of Taiwan Compatriots [ACFTC] on that day to mark the first anniversary of President Jiang Zemin's speech. Cai Zimin, chairman of the TDSGL, spoke. He noted that the TDSGL and ACFTC fully and firmly support the party and government's policy for solving the Taiwan issue. He

urged Taiwan compatriots to join the whole nation in ushering in a new situation in cross-strait relations. Zhang Kehui, president of the ACFTC, also spoke.

Beijing XINHUA Domestic Service in Chinese at 1342 GMT on 31 January also carries a 815-character report on a forum held in Fuzhou City, Fujian, on 30 January to mark the first anniversary of President Jiang Zemin's speech on peaceful reunification. Fujian Governor Chen Mingyi presided over the forum. Secretary Jia Qinglin spoke. He called for continued efforts in implementing Jiang Zemin's eight-point proposal, in exposing and criticizing Taiwan authorities' scheme to create "two Chinas," or "one China and one Taiwan," and enhancing personnel and other exchanges across the strait.

Beijing XINHUA Domestic Service in Chinese at 1342 GMT on 31 January carries a 2,146-character apparent text of a speech delivered by Qian Weichang, [vice chairman of the CPPCC National Committee and vice chairman of the China Democratic League] at a Beijing forum on 30 January marking the first anniversary of the Jiang Zemin speech. In the speech, Qian reiterated the key points of Jiang's speech. Speaking of cross-strait relations, he said that "the Taiwan authorities headed by Li Denghui have flagrantly engaged in activities aimed at creating 'two Chinas,' or 'one China and one Taiwan.'" This cannot but arouse our serious concern and indignation. He said that "Li Denghui has spared no efforts in preaching fallacies like 'splitting the country and ruling under separate regimes' and the 'policy of two Chinas at the present stage,' played tricks like 'vacation diplomacy,' 'inauguration diplomacy' and 'college anniversary diplomacy,' and spared no expense in promoting activities aimed at splitting up the motherland." He noted that improving cross-strait relations is consonant with popular sentiment and the general trend of development. "Whoever tries to split up the country, seek independence, and make himself a puppet emperor with outside help will certainly be utterly discredited, cast aside by the people, and stand condemned through the ages."

Beijing XINHUA Domestic Service in Chinese 0730 GMT on 1 February carries an 2,292-character apparent text of a speech given by Cheng Siyuan, [vice chairman of the National People's Congress Standing Committee], at a Beijing forum on 30 January marking the first anniversary of the Jiang Zemin speech. Quoting extensively from Jiang's speech and criticizing Li Denghui for trying to create "two Chinas," or "one China and one Taiwan," Cheng Siyuan notes that "if we allow Li Denghui to continue walking down the road of splitting up the motherland, it will bring untold misery to the Taiwanese compatriots and the Chinese nation. Cross-strait relations today are at a crucial juncture. We can

no longer pin any hope for improvement and development of cross-strait relations on a chameleon like Li Denghui."

Beijing XINHUA Domestic Service in Chinese at 1022 GMT on 1 February carries a 1,062-character report on a 31 January forum in Nanjing City, Jiangsu Province, marking the first anniversary of President Jiang Zemin's speech on peaceful reunification. Notables from various circles attended the forum. Tang Nianci, vice chairman of the Jiangsu Provincial People's Congress Standing Committee; Xu Xicheng, president of the Jiangsu Provincial Council of Trade Unions; Cao Keming, deputy secretary of the provincial CPC Committee; and others spoke at the meeting. Cao Keming noted in his speech that attempts by a handful of people on the Taiwan island and anti-China forces to split up China will be firmly opposed by all Chinese including the Taiwan compatriots and such attempts are doomed to failure.

Beijing Central Television Program One Network in Mandarin at 1100 GMT on 1 February carries a 2-minute report on various circles in Shanghai, Fujian, and Xiamen marking the first anniversary of President Jiang Zemin's important speech on the Taiwan issue in "the past few days."

Beijing XINHUA Domestic Service in Chinese at 1204 GMT on 2 February carries a 1,367-character report on a forum jointly sponsored by the All-China Federation of Trade Unions [ACFTU], the Communist Youth League [CYL], and the All-China Women's Federation [ACWF] on 1 February to mark the first anniversary of President Jiang Zemin's speech on peaceful reunification. ACFTU Vice President Li Qisheng presided. ACFTU Vice Chairman Yang Xingfu; Li Keqiang, CYL Central Committee first secretary; and Huang Qizao, vice president of the ACWF and first secretary of its Secretariat, spoke.

Beijing Central Television Program One Network in Mandarin at 1100 GMT on 3 February carried a 1.5-minute report on Guangdong, Jiangsu, and Sichuan Provinces marking the first anniversary of General Secretary Jiang Zemin's important speech on the Taiwan issue in "the past few days." In Guangdong, a forum was held with the attendance of officials of the provincial CPPCC committee and democratic parties. In Jiangsu, a forum was sponsored by the provincial CPPCC committee and the Taiwan Affairs Office. The forum in Sichuan was sponsored by the Sichuan Provincial Federation of Taiwan Compatriots.

Fuzhou Fujian People's Radio Network in Mandarin at 2300 GMT on 3 February carried a 1.5-minute report saying that the Fujian Provincial CPC Committee's United Front Work Department convened a forum of



officials of democratic parties and the Federation of Industry and Commerce the other day to mark the anniversary. Participants were quoted as saying that in the new year "we must continue holding high the banner of patriotism, further exposing and criticizing Li Denghui's nature as one promoting 'false reunification and true independence' and separatist fallacies, and vigorously promote economic cooperation, trade, and other exchanges between Fujian and Taiwan."

Beijing XINHUA Domestic Service in Chinese at 0659 GMT on 4 February carries a 1,388-character report on an interview XINHUA conducted with Tsang Hin-chi, member of the NPC Standing Committee and president of Hong Kong Goldlion Group, on the occasion of the first anniversary of Jiang Zemin's speech. Praising the speech's far-reaching historic significance and profound immediate importance, Tsang said that it reflects the CPC and Chinese Government's principle that there is only one China. "In the past year, the Taiwan authorities have not only failed to make any positive response to Jiang Zemin's eight-point proposal, but have also intensified activities splitting up the motherland and undermining the normal development of cross-strait relations." In conclusion, he said that "it is hoped that the Taiwan authorities will get a clear understanding of the situation, set the overall interests of the nation above everything else, mend their ways, and stop all activities aimed at splitting up the motherland."

Beijing XINHUA Hong Kong Service in Chinese at 0844 GMT on 5 February carries a 1,277-character report on a speech given by Li Jiaquan, a researcher at the Taiwan Research Institute under the Chinese Academy of Social Sciences, at a Beijing forum sponsored by the institute on 5 February to mark the anniversary. Li, an authority in Taiwan research, noted that Taiwan authorities have tried to separate the history of Taiwan from that of China and turn cross-strait ties into nation-to-nation relations. Such attempts are ridiculous and absolutely impractical. He said: "On one hand, Taiwan authorities have again and again let the word out that they want to hold high-level cross-strait talks and replace confrontation with communication; on the other hand, they have gone all out to pursue 'elastic and pragmatic diplomacy,' gone on a shopping spree for military equipment, and stepped up efforts in creating 'two Chinas,' or 'one China and one Taiwan.' It is obvious that any talk about communications or easing tensions is a hoax, while the real intent is separatism and confrontation. In conclusion, Li Jiaquan stressed that "So long as the Taiwan authorities do not truly return to the principle of one country or stop its separatist activities, cross-strait relations would not be able to develop in a normal way

and the Chinese people's struggle against separatism and 'Taiwan independence' would not cease."

Beijing XINHUA Hong Kong Service in Chinese 1253 GMT on 6 February carries a 786-character report on an unmod forum in Xiamen City, Fujian, marking the first anniversary of Jiang Zemin's speech on peaceful reunification. Shi Zhaobin, secretary of the Xiamen City CPC Committee, said it is in the common interest of people on the two sides to develop cross-strait economic cooperation and trade. He noted that last year Xiamen put into force "Regulations of Xiamen City on Protecting the Investment of Taiwan Compatriots" and expedited infrastructure development in Haicang, Xinglin, and Jimei. In view of the cross-strait tensions resulting from Li Denghui's "two Chinas" activities, the city made great efforts in dispelling Taiwan investors' misgivings about investing in Xiamen. Last year, the city approved \$345 million in Taiwan investment. An air route from Taipei to Xiamen via Macao will open on 1 March. To ease Jinmen's [Quemoy] water shortages, a project for supplying water to the three Dacheng islands has been completed. Shi Zhaobin noted that Xiamen will start supplying water, electricity, and vegetables to Xiamen as early as possible, speed up development of the three Dacheng islands that are close to Jinmen, and bring about direct exchange with Jinmen at an early date.

#### PRC: Li Peng Addresses Conference on Fighting Corruption

OW0602153196 Beijing XINHUA in English  
1513 GMT 6 Feb 96

[FBIS Transcribed Text] Beijing, February 6 (XINHUA) — Chinese Premier Li Peng today urged officials to attach greater importance to fighting corruption and to regard it as a basic task for consolidating state power.

Addressing the fourth working conference on fighting corruption of the State Council, China's highest governing body, Li said that fighting corruption and keeping the government clean and honest are essential for the nation's modernization drive.

Fighting corruption is a long-term, arduous job, he said, noting that corrupting behavior is still spreading in some fields and a number of problems are yet to be tackled.

"Officials at various levels should be aware of the grave and complex nature of the job and never be slack in their work," the premier said.

China has gradually gotten experience in its anti-corruption drive that is conducive to doing the job, he said.

The next 15 years will be a key period for China's reform and opening to the outside world and the state will continue to focus on developing the national economy. To adapt to the situation, the anti-corruption efforts must be stepped up so that society's mood will improve radically, Li said.

In asking that officials increase self-discipline and be clean and honest, Li stressed that it is necessary to concentrate on handling major cases, which is an important aspect of fighting corruption.

Last year, the government made progress in handling major cases and cracking down on corruption, Li said, and the work will continue this year.

"We will never tolerate such evils. All corrupt officials will be subject to the law," he said.

The premier said that collection of random fees by some departments is one of the major problems complained about by people, and urged all departments and local government to tackle the problem.

He also targeted illegal behaviors in the banking sector and finance departments, calling for stricter supervision over those departments and punishment of corrupt behavior.

It is essential that leadership in the anti-corruption drive be increased and the system of supervision and law enforcement be improved, Li said.

China will perfect its mechanism for preventing officials' abuse of power and reinforce anti-corruption controls over major industries and posts, he said.

#### **PRC: Large-Scale, Nation-Wide Personnel Reshuffle To Take Place**

HK0702082196 Hong Kong HONGKONG  
STANDARD in English 7 Feb 96 p 6

[By Pamela Pun in Guangzhou]

[PTS Transcribed Text for FBIS] Guangdong Governor Zhu Senlin and chairman of the provincial People's Congress Lin Ru are expected to resign in today's legislature meeting to pave the way for the first reshuffle of provincial leadership in five years.

Executive vice-governor Lu Ruihua was likely to win most delegates' support to replace Mr Zhu in Friday's election for governor.

Mr Zhu confirmed last week that he would take Mr Lin's post after the on-going annual session of the provincial legislature.

He said his priority in the provincial parliament was to boost supervision of the government's work.

If Mr Lu, a native of Chaozhou in eastern Guangdong, took up the post of governor, his promotion would shatter rumours that Beijing would assign a non-Guangdong native to take charge of the rich but defiant province.

With its incomparable economic success since China introduced its market-oriented economic reforms in 1978, Guangdong has increasingly become a thorn in Beijing's side.

The province is known for its strong sense of regionalism, something Beijing sees as the utmost potential threat to political stability, as reflected in its defiance to toe the party line.

Cantonese, for example, is widely spoken in Guangdong, despite Beijing's painstaking efforts to promote Putonghua nationwide.

In terms of economic development, Guangdong is also famous for defying Beijing's orders to restrain rapid economic growth, such as real estate investments.

Chinese sources believe Beijing started to tighten its control over Guangdong as early as when Ye Xuanping, former governor and son of marshal Ye Jianying, was appointed vice-chairman of the Chinese People's Political Consultative Conference in Beijing.

Chinese sources said the reshuffle was part of a nationwide move. They said most other provinces' senior officials would be replaced in the next few years.

A large-scale personnel reshuffle across the country is likely to be completed before the new National People's Congress in 1998.

Changes in local government are in line with patriarch Deng Xiaoping and party chief Jiang Zemin's call for younger and more competent leaders to come forward as the 21st century nears its end.

But Zhuhai party chief Liang Guangda says he will stay in his incumbent position and has no plans to change.

Guangzhou mayor Li Ziliu, 64, said he had not received any official information or notice about his retirement. However, he told reporters: "I personally really hope to step down."

Sources said Mr Li — China's oldest mayor — would probably file his resignation at the municipal People's Congress, held in March.

Tipped to be replaced by executive deputy mayor Wu Liang, Mr Li would take the post of vice-chairman of the provincial People's Congress.

Meanwhile, the Guangdong provincial People's Political Consultative Conference, an advisory body, which

closed yesterday, has elected two new vice-chairmen Zhan Yunlong and Kang Leshu bringing the total number to 10.

Mr Zhan, 62, is deputy general manager of China's Nuclear Power General Corporation.

Mr Kang, 61, is deputy head of the provincial party's commission for disciplinary inspection.

#### **PRC: New Year Execution Season Breaks All Records**

*HK0702074596 Hong Kong EASTERN EXPRESS in English 7 Feb 96 p 11*

[By Didi Kirsten Tatlow]

[PTS Transcribed Text for FBIS] The 1996 lunar new year execution round looks set to break all records, with another 14 executions in Guangzhou yesterday as the crackdown gains momentum before the February 19 celebration.

At least 600 people have been executed since the campaign began after the October 1 National Day, according to incomplete statistics.

Fifty-four people were executed nationwide on one day in November, provincial news reports said.

Reports from Wuhan, the capital of Hubei province, said 400,000 people attended the separate public executions of three men on December 30.

The transfer of personnel within the province and a systematic change of work shifts among police in at least one province indicated the crackdown had reached campaign proportions.

Yesterday's report follows the announcement of eight executions in Beijing on Monday.

"This is the usual rise in executions before Chinese new year," Arlette Laduguie, a China researcher for the human rights watchdog Amnesty International, said. The high number of executions also confirmed Amnesty's forecast that executions are on the rise nationwide, she said.

Amnesty reported 1,865 death sentences were passed in the first six months of last year. Of these, at least 1,313 were carried out. The information was based on reports in the Chinese press.

One report told of a woman who had to ask her executioner to shoot again after the first two bullets entered her body but failed to kill her.

Execution in China is by a bullet to the back of the neck.

Four of the death penalties handed down were for fraud.

Statistics on how many people are executed nationwide during the annual campaign are patchy, but compilations of provincial news reports suggest the figure of executions and death sentences passed could be more than 1,000.

Over the past three months, provinces all over the country have announced harsher penalties for crime in an attempt to "please the populace", or to appease "popular indignation".

Although the beginning of the annual crime crackdown varies from province to province, it began as early as October last year in some places.

The campaign was shifted forward to cope with a steep rise in China's crime statistics.

The first eight months of 1995 saw a 13.2 per cent rise in serious crime, Tao Siju, China's top policeman and Minister of Public Security, said.

This lunar new year campaign took off as the annual pre-national day, or October 1, execution campaign tailed off.

At least 267 persons were executed or sentenced to death and jailed in one province in one month alone, according to a provincial report.

Police and law courts passed the sentences in Shanxi province, north China, in October.

The Shanxi Daily said the aim of the campaign was "to enable the 30 million people in the province to spend the new year and spring festival holidays safely".

#### **PRC: State Council, CMC Issue Rules on Red Cross Insignia**

*OW0302044596 Beijing XINHUA in English 0425 GMT 3 Feb 96*

[FBIS Transcribed Text] Beijing, February 3 (XINHUA) — The State Council and the Central Military Commission today issued "Methods Concerning the Use of the Red Cross Sign in the People's Republic of China".

The "Methods" states that the sign of the red cross marks international humanitarianism protection and is a special sign for the medical organizations of the armed forces and the red cross societies.

According to the "Methods," medical and working personnel of the armed forces' medical organizations, working and medical personnel of the red cross societies, working and medical personnel of authorized international and foreign red cross organizations, medical and working personnel on military and civilian medical



vehicles, personnel of rescue volunteers' organizations and medical workers of civilian medical organizations both at home and abroad, as well as medical organizations of the armed forces, the red cross societies participating in rescue activities and authorized rescue volunteers organizations and medical organizations at home and abroad, and authorized international organizations can use the sign in armed conflicts.

The supplementary articles of the "Methods" rule that whatever is not completely stated in the "Methods" should be in line with the Geneva conventions and relevant regulations.

**PRC: Rules Promulgated on Use of Red Cross Emblem**

OW0502121996 Beijing XINHUA Domestic Service  
in Chinese 0314 GMT 3 Feb 96

[FBIS Translated Text] Beijing, 3 Feb (XINHUA) — Decree No. 194 Issued by the State Council and the Central Military Commission [CMC] of the PRC

The "Methods of the PRC for the Use of Red Cross Emblems" are herewith promulgated. They shall go into effect on the day they are promulgated.

[Signed by] Li Peng, premier of the State Council, and Jiang Zemin, chairman of the CMC

[Dated] 29 January 1996

**PRC: Rules on Use of Red Cross Emblem**

OW0502120596 Beijing XINHUA Domestic Service  
in Chinese 0352 GMT 3 Feb 96

[FBIS Translated Text] Beijing, 3 Feb (XINHUA) — The Methods of the PRC for the Use of the Emblem of the Red Cross:

**Chapter I. General Principles**

Article 1. The following methods have been formulated on the basis of relevant regulations stipulated by the Red Cross Law to maintain the solemnness of and correctly use the emblem of the red cross.

Article 2. The emblem of the red cross is a red cross on a white base.

Article 3. The emblem of the red cross is an emblem of international humanitarian protection, a special emblem of medical care organs belonging to armed forces, and an emblem exclusively used by the Red Cross Society.

Aside from the provisions contained in these methods, no organization or individual is permitted to use the emblem of the red cross.

Article 4. The emblem of the red cross has the function of protection as well as that of a marker. The two must not be confused when using the emblem of the red cross.

Article 5. Local people's governments at all levels shall supervise and control the use of the emblem of the red cross in areas under their jurisdiction in accordance with these methods.

Local Red Cross Societies at all levels should assist the people's governments at their respective levels to supervise and control the use of the emblem of the red cross.

**Chapter II. The Use of the Emblem of the Red Cross for Protection**

Article 6. The use of the emblem of the red cross for protection means that, during armed conflicts, warring parties must protect and respect personnel, buildings and places, their articles, and means of transportation for medical purposes which are marked with an emblem of the red cross in accordance with the provisions contained in these methods.

Article 7. Nothing should be added to the emblem of the red cross when it is used for protection.

When the emblem of the red cross is used on a banner as an emblem of protection, it should not touch the rim of the banner; when it is used on a shoulder emblem, it should be placed in the middle of the shoulder emblem; and when it is used on a building, it should be placed at a noticeable position on top of the building.

When the emblem of the red cross is used for protection, it should be identifiable from a spot as far away as possible or from different directions; at night or when visibility is poor, it should be illuminated by light or decorated with illuminants.

Article 8. During armed conflicts, the following personnel may use the emblem of the red cross for protection:

(1) Medical personnel of and personnel working for the medical care organs of armed forces;

(2) Medical personnel of and personnel working for a red cross society;

(3) Medical personnel of and personnel working for international red cross organizations and foreign red cross organizations which have been approved by either the State Council or the Central Military Commission [CMC];

(4) Medical personnel and working personnel aboard military and civilian means of transportation used for medical purposes; and

(5) Personnel of domestic and foreign volunteer rescue groups which have been approved by either the State Council or the CMC and medical personnel of civilian medical care organs which have been approved by either the State Council or the CMC.

Article 9. During armed conflicts, the following organs or organizations as well as their buildings, places, articles, and means of transportation for medical purposes may use the emblem of the red cross for protection:

- (1) Medical care organs of armed forces;
- (2) Red cross societies taking part in rescue activities;
- (3) Domestic and foreign volunteer rescue groups and medical care organs which have been approved by either the State Council or the CMC; and
- (4) International organizations which have been approved by either the State Council or the CMC.

Article 10. Personnel using the emblem of the red cross for protection must carry with them an identification certificate emblomed and issued by departments authorized by either the State Council or the CMC.

Article 11. In peacetime, the personnel, buildings, and places of medical care organs as well as their articles and means of transportation for medical purposes may use the emblem of the red cross intended for protection as an emblem.

### Chapter III. The Use of the Emblem of the Red Cross as a Marker

Article 12. The use of the emblem of the red cross as a marker means the marking of persons or articles related to Red Cross activities.

Article 13. When the emblem of the red cross is used as a marker, the name of a red cross society or its abbreviations must be shown beneath the emblem of the red cross, and the emblem of the red cross must not be shown on top of a building.

When the working personnel of a red cross society, its members, and other relevant personnel are doing their duties, they should wear a small-sized shoulder emblem with the emblem of the red cross. When they are off duty, they may wear a small-sized brooch or emblem with the emblem of the red cross on the chest.

Article 14. The following personnel may use the emblem of the red cross as a marker:

- (1) Personnel working for a red cross society;
- (2) Members of a red cross society; and
- (3) Teenager members of a red cross society.

Article 15. The following buildings and places may use the emblem of the red cross as a marker:

- (1) Buildings used by a red cross society;
- (2) Medical care organs belonging to a red cross society; and
- (3) Places at which a red cross society conduct activities compatible with its purposes.

Article 16. The following articles and means of transportation may use the emblem of the red cross as a marker:

- (1) Insignia, medal, and badge of a red cross society;
- (2) Printed matter and propaganda material of a red cross society; and
- (3) Goods, materials, and means of transportation belonging to a red cross society for the purpose of rescue and disaster relief.

Article 17. If the emblem of the red cross needs to be used as a marker on occasions not described by the provisions of these methods, the Red Cross Society of China shall approve its use on such occasions.

### Chapter IV. Prohibition of the Use of the emblem of the Red Cross

Article 18. The use of the emblem of the red cross is prohibited on:

- (1) Trademarks or commercial advertisements;
- (2) Medical care organs which do not belong to a red cross society or the armed forces;
- (3) Drugstores or veterinary stations;
- (4) Commodity packages;
- (5) Emblems of companies;
- (6) Engineering designs or product designs; and
- (7) Other occasions not described by the provisions of these methods which permit the use of the emblem of the red cross.

### Chapter V. Rules on Punishment

Article 19. The Red Cross Society has the right to dissuade any party violating the provisions contained in these methods in any of the situations described below and ask the party to stop using the emblem of the red cross; if the party refuses to desist, the Red Cross Society may ask the people's government to order it to stop using the emblem of the red cross:



- (1) Personnel who are not the working personnel, members, or teenager members of a red cross society, but who use the emblem of the red cross as a marker;
- (2) Buildings and other places which are not used by a red cross society, but which show the emblem of the red cross as a marker;
- (3) Medical care organs which do not belong to a red cross society, but which use the emblem of the red cross as a marker;
- (4) The emblem of the red cross is used as a marker on articles and means of transportation which do not belong to a red cross society; and
- (5) Other occasions on which the emblem of the red cross is used in violation of the provisions contained in these methods.

Article 20. People's government at and above the county level shall order any party that arbitrarily uses the emblem of the red cross in violation of the provisions of Article 18 to stop using the emblem of the red cross; confiscate its illegal gains; and impose a fine of no more than 10,000 yuan on it.

Article 21. Those who hinder Red Cross Society personnel's lawful performance of duties shall be penalized for violating public order or be investigated and held responsible for a crime in accordance with the law.

Article 22. If armed forces organizations and personnel are found violating the provisions contained in these methods, they shall be handled by relevant military departments.

#### Chapter VI. Supplementary Articles

Article 23. If the provisions contained in these methods concerning the use of the emblem of the red cross for protection are found inadequate, relevant regulations of the Geneva Convention and its additional protocol shall apply.

The Geneva Convention and its additional protocol refer to the convention and protocol contained in Article 27 of the "PRC Red Cross Law."

Article 24. These methods shall go into effect on the day they are promulgated.

#### PRC: Aviation Official Urges 'Clearer' Skies Around Airports

OW0602164696 Beijing XINHUA in English  
1559 GMT 6 Feb 96

[FBIS Transcribed Text] Beijing, February 6 (XINHUA) — A civil aviation official has called for more attention to be paid to China's airport environment, with

the threat to flight safety growing with the mushrooming number of city and rural construction projects across the country.

Xu Cunxin, chief administrator for capital construction and airport management with the Civil Aviation Administration of China [CAAC], pointed out that China issued regulations in early 1980s to control buildings and trees surpassing safe-height limits in the vicinity of airports.

He added that factories emitting smoke that interferes with visibility around airports or facilities that interfere with electromagnetic waves are also banned.

A survey by CAAC last year showed that more than 30 airports across China have to cope with these kinds of obstacles and interference.

Night flights were suspended at Haikou airport on China's island province of Hainan over the weekend due to bad landing conditions. This was the second time that air traffic was affected in this busy town due to illegal construction projects around its airport.

Xu explains that city planning departments are responsible for these problems in many cases because they either have insufficient knowledge about the problem or have given local business expansion top priority.

He said that CAAC and the Ministry of Construction will issue a joint circular to keep skies clearer around airports, and that CAAC will formulate more detailed regulations, and deal with this important issue in accordance with the stipulations of China first civil aviation law, which is scheduled to take effect on March 1.

#### PRC: Family Planning Minister Urges Stronger Efforts

OW0602164796 Beijing XINHUA in English  
1559 GMT 6 Feb 96

[FBIS Transcribed Text] Hangzhou, February 6 (XINHUA) — China's family planning departments have been asked to make a greater contribution to the nation's effort to keep the population below 1.3 billion by the turn of the century.

The topic was the focus of a national conference on population held recently in Hangzhou, capital city of east China's Zhejiang Province.

Peng Peiyun, minister in charge of the State Family Planning Commission, said that China's birth rate should be maintained at its present level, or even lower in the next five years to achieve the goal.

This, she notes, calls for greater efforts by all family planning workers, as well as the adoption of a comprehensive method in future that considers scientific and social factors in family planning work, including better education and social services.

**Science & Technology****PRC: Song Jian Stresses Need for More Scientists***OW0702112696 Beijing XINHUA in English  
1040 GMT 7 Feb 96*

[FBIS Transcribed Text] Beijing, February 7 (XINHUA) — The crucial need for China to produce more scientists to take the country into the 21st century has been stressed here today by a leading official.

State Councillor Song Jian said China must devote greater efforts to the spreading of scientific knowledge among its vast population to produce more scientists and technicians in its bid to become rich and powerful.

Speaking at a national conference on science and technology, Song said as the two topics are developing rapidly today in the world, many countries are paying growing attention to the development of human resources. Those countries consider raising the cultural and scientific level of its citizens the key to victory to successfully competing in the coming century.

Song, also minister in charge of the State Science and Technology Commission (SSTC), told Communist Party and government officials that China must achieve "marked progress in improving its people's understanding of science and culture in a short period".

He described it as a must for the country's sustained, rapid, healthy economic and social development and victory in international competition in the 21st century. This was vital, he said, since the developed countries already enjoy an advantageous position over their resources of talented people and the overall level of their citizens.

Because of the China's backwardness in education, only 10 percent of the young people have the chance to receive education in universities or technical secondary schools, while 90 percent have to acquire scientific and technological knowledge necessary for their jobs through professional training or self-study, the State Councillor said.

The task for the country in the spreading of science work is to disseminate modern scientific and technological knowledge among the 1.2 billion population through various forms acceptable to the general public, such as education, training, lectures, exhibitions, reading, audio and video and entertainment.

The three-day conference was jointly held by SSTC, the Propaganda Department of the Chinese Communist Party's Central Committee, and the China Association for Science and Technology.

SSTC's executive deputy minister Zhu Lilan told the conference that the work of spreading scientific knowl-

edge for 1996-2000 should target young people, rural officials and farmers, and government officials at various levels.

Zhu urged the participants to "hold high the banner of science and declare war on ignorance, superstition and pseudoscience".

According to the commission, more than 180 million people above the age of 15, out of the country's 1.2 billion population, are illiterate or semi-literate and many others know little about science.

A document guiding the work of spreading scientific knowledge for the coming five years is expected to be finalized at the meeting.

**PRC: Report on Development, State of Nuclear Industry***OW0702081196 Beijing China Radio International  
in English  
to Western North America 0400 GMT 6 Feb 96*

[From the "Current Affairs" program]

[FBIS Transcribed Text] China's nuclear industry is combining military and civilian production and promoting a diversified economy. This shakeup of industry has helped with the economic growth and social development in the country. CRI's [China Radio International] Jiang Guangpin filed this report, and Xiao Yu has more.

[Begin recording] [Xiao] From 1955 to the late 1970s, China's nuclear industry was mainly confined to military production. After that, the country began to introduce its reform and opening up policy, and the industry began to shift from military to civilian production with emphasis on peaceful applications of nuclear energy and technology. In the Eighth Five-Year Plan period of 1991-1995, a number of projects involving the production of fertilizer, magnesium, titanium dioxide, and rare earth went into operation. During this period, the output value of civilian products in the industry grew at an annual rate of 38 percent. In 1995, the output value of diversified economic production in the industry hit almost \$481 million, and the industry's exports increased by 12 percent over 1994. Statistics indicate that production of civilian use now accounts for 80 percent of the nuclear industry's total output value. The industry's three sectors are development of nuclear power stations, nuclear fuel, and [word indistinct]. Yun Lin, an official with China's National Nuclear Cooperation, explained.

[Yun in Mandarin fading into English translation] Yun Lin says: In 1992, China began to build its nuclear power stations. So far, the first two, in Qinshan and Daya Bay, have gone into operation and are running

well. The radioactive waste they produced poses no threat to the environment. The stations are dedicated to the country's economic construction and people's daily lives. Another four nuclear power stations are expected to be built during the remaining years of the century.

[Xiao] Yun Lin notes China has made significant progress in the development and application of nuclear technology. The country now can produce 800 different isotopes which are widely used in agriculture, medicine, environmental protection, and natural resources exploitation. The official says:

[Yun in Mandarin fading into English translation] The isotopic and radiation techniques are playing an ever-increasing role in the country's agricultural development. The improved breeds mutated by radiation techniques number 400, accounting for one-third of the world's total. By applying radiation techniques in agricultural production, the yield of grain, cotton, and oil-bearing crops can be increased by 5 billion kilograms per year. The economic benefits of this are estimated at around 3 billion yuan. Isotopic and radiation techniques are virtually indispensable in the diagnosis and treatment of certain diseases. These techniques are now available in over a thousand hospitals across the country, benefiting some 13 million patients every year. These techniques also play a unique role in facilitating the development of basic medical science, including genetic engineering, immunology, and molecular biology.

[Xiao] Yun Lin also added that China is sincere in its commitment to the peaceful use of nuclear technology worldwide. It has so far signed cooperative agreements on the peaceful use of nuclear techniques with 12 countries. China has also conducted nuclear technological cooperation with over 40 nations and regions in the world.

For CRI, I am Xiao Yu. [end recording]

**PRC: Plans for 1996 Long March Rocket Work Previewed**

OW0502134396 Shanghai WEN HUI BAO in Chinese  
26 Jan 96 p 1

[FBIS Translated Text] A Long March-3 carrier rocket test team from the Shanghai Astronautics Bureau that will take part in China's second satellite launch of this year left yesterday for the Xichang satellite launch center, beginning the bureau's four scheduled rocket launchings for this year.

The three types of carrier rockets developed by or developed and produced with the participation of the Shanghai astronautics base this year will be used for four satellite launches and for one test, using one rocket

to match the technological characteristics of three types of satellites. The mission will include launching China's first geostationary meteorological satellite, the "Feng Yun-2," and one retrievable satellite. Turning out five carrier rockets in one year will be a new record in Shanghai's astronautics industrial development history. According to the latest statistics, Long March rockets developed and produced in Shanghai so far have been used for 13 successful launches, sending 15 domestic and foreign satellites of various types into space. The Long March-3 carrier rocket that was shipped from Shanghai yesterday will be used for launching the "Asia-Pacific-1A" communications satellite, made by the United States' Hughes Corporation, in early March from the Xichang satellite launch center. The launch will be the 40th of its kind using a Long March rocket.

Since it successfully developed the "Storm-1" carrier rocket in the 1970's, the Shanghai astronautics base has achieved many good results: In the early 1980s, for the first time in China, it used one rocket to simultaneously send three satellites into space. Later, it joined the China Carrier Rocket Technology Research Institute in developing the "Long March-3" carrier rocket, which was used to successfully launch China's first geostationary experimental communications satellite. Over the last few years, the base has added several new members to the Long March rocket family — the Shanghai-made powerful "Long March-4A" and "Long March-2D" sent two "Feng Yun-1" polar-orbit meteorological satellites and two retrievable satellites into space.

The Shanghai astronautics base acquired quite early the technology of using one rocket to launch multiple satellites, and twice it successfully used one rocket to launch multiple satellites. By solving key technological problems, the Shanghai astronautics industry digitized the rocket's control system for the first time in China, enabling the flight accuracy of Long March rockets to reach the current international level of rockets of its type. In addition to being used to launch domestic satellites, Long March rockets made in Shanghai will enter the international commercial market and be used independently to launch foreign satellites of various types.

**PRC: Institutes Link to Outside World Via Internet**

OW0502132296 Beijing XINHUA in English  
1300 GMT 5 Feb 96

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — Tens of thousands of scientists working with the Chinese Academy of Sciences (CAS) - the country's top scientific institution - are now able to obtain new data and exchange ideas with scientists outside China



via the Internet, a spokesman from CAS said here today.

Computers at the academy's 102 research institutes in Beijing, Shanghai, Nanjing, Hefei, Wuhan, Changsha, Changchun, Shenyang, Urumqi, Lanzhou, Xining, Xian, Lintong, Xianyang, Chengdu, Kunming, Guangzhou, Taiyuan, Guiyang, Fuzhou, Qingdao, Dalian, Shijiazhuang and Harbin are now connected with the Internet via CASnet, the spokesman said.

"The academy's 56,000 scientists can now communicate with overseas scientists through e-mail, fax, open forums and electronic bulletins," he said.

Scientists overseas can also get Chinese scientific data through CASnet which has 19 data banks in almost every scientific field, he said.

#### **PRC: Expanded Access to Internet Planned**

*HK0602093596 Hong Kong EASTERN EXPRESS in English 6 Feb 96 p 22*

[By Veronique Saunier]

[PTS Transcribed Excerpt for FBIS] The Mainland plans to expand access to the Internet, even as it tries to restrict the flow of information.

"According to our plan, all provincial capitals in the country will have nodes for Internet access within the year," according to Yao Weizhong, a technician in the Business Development Department of the Beijing Telegraph Bureau, the arm of the Beijing government that oversees the Net.

Access to the Internet is through two nodes — in Beijing and Shanghai.

The expansion plan comes shortly after the government announced new rules that outlaw pornography and political information on the Internet and further regulate the computer network.

The rules, signed by the Chinese Premier, Li Peng, on January 23, also said the Ministry of Posts and Telecommunications will control the channels through which China's networks connect to the Net.

A report issued by the New China News Agency (Xinhua) said all existing interactive network services are "to be adjusted" and must be approved again by the State Council.

It did not elaborate on the nature of the adjustment. Most of the network service providers are part of state-run organisations, including the Chinese Academy of Social Sciences, the Ministry of Electronics Industry and the State Education Commission.

The number of Net users in China is estimated to be more than 100,000.

Yao said his department has yet to see the documents outlining in detail the new regulations.

He said the government is seeking to install a system to block out "unhealthy information". [passage omitted]

#### **PRC: Academy of Sciences Sets 9th 5-Year Plan Goals**

*OW0702100496 Beijing XINHUA Domestic Service in Chinese 1233 GMT 5 Feb 96*

[By GUANGMING RIBAO reporter Liu Lusha (0491 6424 3097) and XINHUA reporter Qin Chun (4440 2504)]

[FBIS Translated Text] Beijing, 5 Feb (XINHUA) — During its work conference today, the Chinese Academy of Sciences [CAS] specifically set the goals of building itself into "three large bases" and promoting "national development through science and education" during the "Ninth Five-Year Plan" period.

During the "Ninth Five-Year Plan" period, the CAS will devote its major efforts to the main arena of national economic construction and social development, and work hard to solve major problems that the state needs to address promptly. In agriculture, it will increase cooperation with localities so that it will become an institution that serves agriculture. By the year 2000, it aims to increase unit grain output by 15 percent, expand by more than 50 percent the proportion of scientific and technological factors in boosting agricultural output, and contribute to increasing grain output by 100 billion jin. In relieving poverty through science and technology, it will work with local governments and all social sectors to help 47 poor counties basically overcome poverty. In promoting enterprise technological progress and the technical transformation of basic and pillar industries, it will implement some 100 key projects to convert and popularize research findings. Besides continuing to implement the "Industry-Academia Research Plan" and "Project Orientation," it will also establish a "network of enterprises for cooperation with the CAS on a priority basis," under which it will link 3,000 enterprises together, cooperate with 100 key state enterprises, and help enterprises increase profits and taxes by more than 10 billion yuan. In social development, the CAS will also utilize the scientific research findings it has acquired over the years in resource development and environmental and ecological protection to do work that will yield remarkable social benefits in the rapid exploration of minerals in short supply, water resource development in western regions, environmental protection and improvement, and waste treatment.

As a scientific research base of advanced international standards, the CAS will also organize some 100 key projects in those frontier scientific fields that are developing rapidly in the world and are of strategic value to the national economy and people's livelihood. It will strive for new breakthroughs, provide strategic scientific and technological support for our country's future economic and social development, and attain an important status in international scientific circles.

During the "Ninth Five-Year Plan" period, the CAS, as a base for training senior scientific and technological personnel, will provide society with more than 10,000 graduate students with doctoral and master's degrees and over 5,000 scientific and technological personnel. It will also provide localities and departments with more than 500 leading scientific and technological cadres who possess scientific, technological, and managerial know-how. It will strive to become a truly important base for graduate and postdoctoral studies and advanced continuing education in our country.

As a base that promotes the development of our country's new and high-technology industries, the CAS will also nurture five or more new and high-technology enterprises or enterprise groups that will generate more than 1 billion yuan in annual sales revenues, and a number of similar enterprises or enterprise groups that will generate more than 100 million yuan in annual sales revenues, so as to lay the groundwork for establishing more large-scale, high-efficiency, and internationally oriented high and new-technology enterprises during the 21st century.

To achieve its goals for the "Ninth Five-Year Plan," the CAS will step up restructuring and reform efforts, build itself into the aforementioned bases, and expand its ranks of personnel. Primarily, it will complete the restructuring, transformation, association, and reorganization of its research institutes, and establish some 80 highly efficient research institutes that are in the forefront of the world, represent our country's scientific and technological standards, and undertake state scientific and technological projects. In the fast-growing interdisciplinary frontiers, it will establish six to eight scientific centers that will operate through completely new mechanisms. In social development, it will found three to four general research bases. By employing the mechanisms of openness, mobility, association, and competition, it will build some 150 national laboratories that are open to the public. Moreover, it will continue to implement the project to groom cross-century professionally trained personnel, and complete the task of replacing the older generation of key scientific, technological, and managerial personnel with a new generation during the "Ninth Five-Year Plan" period.

#### **PRC: China Implements Joint Science Meeting System**

*OW0702123496 Beijing XINHUA in English  
1117 GMT 7 Feb 96*

[FBIS Transcribed Text] Beijing, February 7 (XINHUA) — China started to implement the joint meeting system for the popularization of scientific knowledge this year in a bid to boost the spread of scientific knowledge and fight superstition.

The system is sponsored by the State Science and Technology Commission and participated in by the Propaganda Department of the Central Committee of the Communist Party of China and China Association of Science and Technology.

An ongoing national working conference on the popularization of scientific knowledge is the first of its kind ever held in China.

The conference will put emphasis on the improvement of the role of public understanding of science in national economic development and improvement of the people's cultural level.

#### **PRC: Nanjing Graphics Information Station Inaugurated**

*OW0502152196 Beijing XINHUA Domestic Service  
in Chinese 2355 GMT 31 Jan 96*

[By reporter Zhao Ming (6392 2494): "A Wireless Graphic and Textual Information Station Starts Transmission in Nanjing"]

[FBIS Translated Text] Nanjing, 1 Feb (XINHUA) — China's first wireless graphic and textual information station, the Xinhua Information Station, formally started transmission in Nanjing a few days ago. This means of wireless transmission is the latest form of data information service, succeeding radio, television, newspapers, magazines, data communications, and other forms of information transmission. The station is the first of its kind in China.

The Xinhua Information Station was set up jointly by the XINHUA Jiangsu Information Agency and the Jiangsu Daily Commercial Situation Information Company, Ltd. The station has integrated XINHUA's strong points in information and Daily Commercial Situation Co.'s strong points in technology. Each day, the station provides users with 16 kinds of information, including monetary, economic, trade, real estate, and other information. Its wireless transmission system employs users' computers or television sets as display terminals. The system has the advantages of clear, quick graphics; great capacity; and repeatability of



information for reading. It provides extensive macro and micro information that can be obtained conveniently at any time.

### Military & Public Security

#### PRC: PLA Exercise Reportedly To Begin Early on 10 Feb

HK0702041496 Hong Kong MING PAO in Chinese  
7 Feb 96 p C1

[Report by special correspondent Liang Kuo-jen (2733 0948 0088): "50,000 Troops Along Coast of Fujian Await Orders, Live War Games Against Taiwan To Begin on Coming Saturday"]

[PTS Translated Excerpt for FBIS] An authoritative source has confirmed to MING PAO that the Chinese People's Liberation Army [PLA] will conduct a challenging three-service live joint combat exercise against Taiwan along the coast of Fujian, commencing in the early hours of 10 February (Saturday). The ground, naval, and air troops participating in the upcoming exercise will total 40,000 to 50,000. The exercise, which is to last a week, will end before the lunar new year. The general commander of the exercise will be Kui Fulin, deputy chief of staff of the PLA in charge of operations.

The source also confirmed on Monday that the operation plan of the upcoming exercise has been submitted to the CPC Central Military Commission for approval. The troops participating in the exercise have completed their assembly and deployment in the designated areas. Now they are awaiting orders.

Reportedly, the operation plan drafted by the PLA's General Staff Headquarters is fully prepared against the possible meddling of U.S. military forces in the cross-strait dispute. Beijing will announce the news of the exercise via the media later.

As to the mainland's selection of Saturday as the date for its military exercise conducted in the Taiwan strait, analysts believe that it is because of the weekend holidays in the United States. Reportedly, the executive and military systems of the United States often react slowly during the holidays. The mainland's military can take this opportunity to evade U.S. reconnaissance of its military deployment.

At the time when the date of Taiwan's general election is approaching, another mainland source with a military background said, Li Teng-hui and Lien Chan, for the sake of the election, have talked volubly about cross-strait reunification. The purpose of the mainland's military exercise is to use guns to show its "total distrust" of Li Teng-hui and to indicate that the status

quo of cross-strait relations has not developed from a stalemate to relaxation.

Although the influence of the CPC's military intimidation on Li Teng-hui's becoming Taiwan's first elected president will be limited, mainland analysts say, the great military pressure will be absolutely necessary for containing the "Taiwan independence" forces which are continuously expanding on the island thanks to the presidential election. [passage omitted]

#### PRC: Zhang Wannian Said General Commander of Fujian Exercise

HK0702054296 Hong Kong SING TAO JIH PAO  
in Chinese 6 Feb 96 p a2

[Report by reporter Yin Yen (1438 1484): "The Military Big Two Have Arrived in Fujian To Supervise Operations, and Xiong Guangkai Has Been Assigned To Command War Against Taiwan"]

[PTS Translated Text for FBIS] A few days ago, the Military Commission under the CPC Central Committee (CMC) held an enlarged meeting to comprehensively study and make arrangements for military exercises and matters related to war preparedness against Taiwan. To strengthen command for war against Taiwan, the CMC decided to appoint Xiong Guangkai deputy chief of general staff of the People's Liberation Army (PLA) and deputy general commander for war against Taiwan. The post of general commander is personally taken up by CMC Vice Chairman Zhang Wannian.

A few days ago, Zhang Wannian, Xiong Guangkai, and others arrived in Fujian one after another. They will directly command a large general military exercise aimed at Taiwan with the code name "Military Action (jun shi xing dong 6511 0057 5887 0520)."

Xiong Guangkai is 56 years old this year. He once occupied such posts as head of the intelligence department under the PLA General Staff Headquarters and assistant to the chief of general staff. His military rank is lieutenant general. He is also the only member from the military side in the Leading Group under the CPC Central Committee responsible for Taiwan affairs.

For a long time, Xiong Guangkai was in charge of the intelligence work of the PLA. He is very familiar with the equipment, strength, deployment, and so on of Taiwan's troops. Well-informed sources pointed out that promoting Xiong Guangkai to the posts of deputy chief of general staff and deputy general commander for war against Taiwan will enhance the command capacity of the PLA in war against Taiwan.

Xiong Guangkai is one of the high-ranking generals who takes a hard line toward Taiwan affairs. When



he led a delegation on a visit to the United States last year, he conveyed Deng Xiaoping's warning to U.S. Defense Secretary Perry: "The Taiwan issue is a crucial point in Sino-U.S. relations. If it is not handled well, the consequences might be explosive." When he was interviewed by the NEW YORK TIMES in November last year, he again warned the Clinton administration not to let Li Teng-hui visit the United States a second time. Otherwise, this would evoke a stronger reaction from China. He warned: "We hope that this event will not happen again. If it does happen, the harm will be greater." He said that this would bring about "explosive consequences." The promotion of Xiong Guangkai, as a hard-liner against Taiwan, means that the proportion of hard-line generals on the military side of the Chinese mainland is fairly large (xiang dang bi li 4161 3981 3024 0173). The latest appointment of Xiong Guangkai was announced a few days ago in front of PLA generals at and above army commander level.

It is learned that the military exercise this time not only signifies a direct response to the successive visits by Taiwan vice president Li Yuan-zu to the United States recently, but also shows the determination of the military side to "protect Taiwan with force" on the occasion of commemorating the first anniversary of the publication of "Jiang's Eight-Point Principle." It is also learned that the highest military leadership stratum of the Chinese mainland stated a few days ago: The Chinese side will make the strength and impetus of the "military action" accurately correspond to the loudness of Li Teng-hui's voice in pursuing "Taiwan independence," and will definitely give Li Teng-hui "satisfaction" this time. If Li Teng-hui proclaims Taiwan independence today, the Chinese side dares to liberate Taiwan the same day. Representing the 1.2 billion mainland people, the PLA will use missiles, artillery shells and bullets to cast a vote of no-confidence in Li Teng-hui.

**PRC: Military Reportedly Increases Say on Taiwan Issue**

HK0702060496 Hong Kong SING TAO JIH PAO  
in Chinese 7 Feb 96 p A4

[By reporter Kung Tung-chou (6782 0681 5297): "Military Expands Its Say on Taiwan Issue With Xiong Guangkai's Appointment as Secretary General of Central Leading Group for Taiwan Affairs"]

[PTS Translated Text for FBIS] A Beijing source has disclosed that Xiong Guangkai, who was promoted to deputy chief of staff of the People's Liberation Army some days ago, has recently taken over the post of secretary general of the Central Leading Group for Taiwan Affairs from Wang Zhaoguo, director of

the Central Office for Taiwan Affairs and the State Council's Taiwan Affairs Office. This shows that the military has increased its say in communist China's handling of Taiwan affairs.

The Central Leading Group for Taiwan Affairs consists of six members, i.e. Jiang Zemin, general secretary of the CPC Central Committee; Qian Qichen, vice premier of the State Council and foreign minister; Wang Zhaoguo, director of the State Council's Taiwan Affairs Office; Deputy Chief of Staff Xiong Guangkai; Minister of State Security Jia Chunwang; and Wang Daohan, chairman of the Association for Relations Across the Taiwan Straits.

The group is the CPC's highest decisionmaking body on policy toward Taiwan, with Jiang Zemin and Qian Qichen acting as its head and deputy head respectively. Its former secretary general was Wang Zhaoguo, who is in charge of Taiwan affairs. Ever since Taiwan President Li Teng-hui's visit to the United States, the State Council's Taiwan Affairs Office, of which Wang Zhaoguo is in charge, has come under pressure from the military and other hardliners, who say it is too weak and that it has attained no results at all despite numerous talks between the two sides of the strait.

**PRC: Lu Rongjing Addresses Anhui Military Party Session**

OW0702014396 Hefei Anhui People's Radio Network  
in Mandarin 1030 GMT 27 Jan 96

[From the "Provincial Hookup" program]

[FBIS Translated Text] The 10th Enlarged Plenary Session of the Eighth CPC Committee of the Anhui Provincial Military District was held in Hefei 22-26 January. Lu Rongjing, secretary of the provincial party committee and first secretary of the provincial military district party committee, attended the meeting and gave an important speech. Chen Peisen, secretary of the provincial military district party committee, delivered a work report. Shen Shanwen, deputy secretary of the military district party committee, gave instructions on carrying out work in the new year.

After reporting and analyzing Anhui's excellent economic and social situation, Lu Rongjing pointed out: In 1995, under the leadership of the Nanjing Military Regional CPC Committee and the Anhui provincial party committee, the provincial military district party committee achieved notable success in various field. In 1996, the party central committee and the Central Military Commission put forward even greater demands on us. We must, first, lay a strong theoretical foundation. We must establish lofty political ideology and pursuit and

cultivate a correct outlook toward the world and life. At the same time, we must acquire a higher sense of political discipline, keep in mind the overall interest and the general situation, stress party spirit, and become models in consciously implementing the party's line, principles, and policies.

Lu Rongjing said: The vast numbers of cadres in people's armed forces departments in various parts of the province have done a tremendous amount of fruitful work in strengthening the building of militia and reserve units; promoting Anhui's economic and social development; supporting army building; and promoting unity between the military, the government, and the people. I hope that the vast numbers of people's armed forces cadres will continue to consciously place the interests of the party and state above everything else. At the same time, local party committees and governments at all levels must firmly act in accordance with central policies and continue to support the work of building armed forces departments.

Lu Rongjing concluded: Principal leaders of the party committees at all levels, who are also the first secretaries of the party committees of the military units, must correctly handle the relationship between economic development and national defense construction, act in line with the policy that calls on the party to command the armed forces, attach importance to and show concern about armed forces work, and organically integrate the economic development strategy and the strategy for building reserve forces.

Also present at the meeting were (Liu Zhengzhong), (Wang Junsheng), (Hu Dawen), (Yang Hongli), and (Xu Canrong), members of the military district party committee's standing committee; as well as members of the military district party committee and leaders of the military subdistricts under the provincial military district command.

#### **PRC: Yu Yongbo Stresses Jiang's Instructions on PLA Education**

*OW0702045196 Beijing XINHUA Domestic Service in Chinese 0844 GMT 4 Feb 96*

[By reporters Liu Huinian (0491 0932 1628) and Zhou Zhifang (0719 1807 2455)]

[FBIS Translated Text] Beijing, 2 Feb (XINHUA) — Addressing an Army-wide discussion meeting on stepping up the "four educations" in Beijing recently, Yu Yongbo, a member of the Central Military Commission [CMC] and director of the General Political Department, emphasized proper implementation of President Jiang Zemin's important instructions on the four educations of "patriotic dedication, revolutionary outlook on life,

respect for cadres and love for soldiers, and hard work" to ensure greater success.

Marked results have been achieved by various units of the People's Liberation Army (PLA) on the four educations since their introduction more than a year ago, including further enhancement of political firmness throughout the Army, more initiatives among the vast number of cadres in safeguarding the party central committee with Comrade Jiang Zemin as the core and the authority of the CMC, resolute submission to the overall situation of party and state work, and maintenance of high military stability, centralism, and unity. The move has also enhanced their capability in resisting decadent ideology and culture and the corrosive influence of the red lanterns and green wine [luxurious living]; brought positive changes to the forces' spiritual outlook; and caused the vast numbers of officers and men to show a deeper love for the Army by intensifying military training and studying hard for advancement. Further improvement of officer-man and Army-people ties also led to the fulfillment of various missions, primarily through military training. In his speech at the enlarged meeting of the CMC recently, President Jiang Zemin explicitly demanded further realization of political emphasis in the Army, calling for better performance and greater success year after year.

Yu Yongbo in his speech urged further unification of understanding from the high level of political emphasis throughout the Army by taking the furthering of the four educations as an important task in strengthening ideological and political education in the Army. Yu Yongbo said: The PLA is the people's army under the leadership of the party — an important force in reflecting the political superiority of both the party and the state, with particular emphasis on politics. It is necessary to guarantee the party's absolute leadership over the Army, making sure that, at any time and under whatever circumstances, the Army will safeguard the party's central committee with Comrade Jiang Zemin as the core and the authority of the CMC; and that all actions will be under the direction of the party's central committee and the CMC. Promoting well the four educations is not only a demand of political emphasis itself, but also a basic assurance of political emphasis. A reliable guarantee can only come about when all officers and men of the PLA have succeeded in genuinely establishing a revolutionary outlook on life, in promoting the spirit of patriotic dedication, in preserving the fine traditions of working hard among cadres and men, and in keeping consistency with the party's central committee.



Yu Yongbo emphasized: A successful promotion of the four educations depends on consideration of reality and solution of problems. We should understand and master — as a whole — President Jiang Zemin's instructions on four educations, trying to solve whatever problems emerged according to the overall requirements of army building. From the perspective of the whole Army, two problems have to be resolved around establishing a correct world outlook and values conception: Namely, opposing money worship and strengthening the legal concept. Emphasis must be laid on solving both principal and secondary aspects of a problem, while more theoretical classes should be conducted for both officers and men to fundamentally solidify the ideological foundation of the Army.

Yu Yongbo pointed out: In furthering the four educations, it is necessary to conscientiously implement the spirit of rectifying incorrect work styles; to closely integrate studying President Jiang Zemin's series of important instructions on political emphasis and ideological and political education in the Army with the four educations; and to genuinely solve ideological problems existing among cadres at senior and middle levels by strictly conducting counter checks, criticism, and self criticism — particularly among leading cadres and organs. Yu Yongbo emphasized concentration and regularity in promoting the four educations, calling for appropriate integration of situation and missions with ideological realities among officers and men; spontaneous education on the right occasions; the promotion of heart-to-heart talks; and better practice of democratic life. Ideological communication should be intensified between leading cadres and members of an organ and between the higher and lower levels to enhance understanding and unity. We should bring out the educational role of advanced typical deeds by vigorously promoting healthy trends to ensure the effect and quality of the four educations.

Attending the discussion meeting were Xu Caihou and Tang Tianbao, both deputy directors of the General Political Department; responsible comrades of PLA units in Beijing; heads of propaganda and education departments of major PLA units and the Armed Police Force; and representatives of cadres engaged in grass-roots political work.

**PRC: PLA's 2d Artillery Corps Equipped With New Missiles**

HK0702072696 Hong Kong SING TAO JIH PAO  
in Chinese 7 Feb 96 p A4

[By reporter Kuang Tung-chou (6782 0681 5297):  
"People's Liberation Army Accelerates Modernization

of Equipment, 2d Artillery Corps Has Been Equipped With New Missiles"]

[PTS Translated Text for FBIS] Taking into account the possible outbreak of local wars in the future, mainland China's top hierarchy has increased funds for the missile units of the People's Liberation Army to speed up the modernization of their equipment. It is learned that the units have recently been equipped with a new model of missile and they are engaged in intensive training in order to develop combat strength as quickly as possible. But the quarters concerned refused to disclose the model and major data of the new missiles.

According to the military source, since the beginning of last year, the 2d Artillery Corps, as China's strategic missile unit, has received the obvious attention of the top military hierarchy. Jiang Zemin and other high-ranking military officers of the Central Military Commission inspected the 2d Artillery Corps eight times last year.

When Jiang made an inspection tour of the northeastern region last summer, he made a special trip to Jilin to inspect a base of the 2d Artillery Corps there. Apart from instructing the unit to "conscientiously raise its combat effectiveness and not willfully reduce training difficulty and intensity," he also wrote an inscription for the unit.

The enlarged meeting of the Central Military Commission held at the end of last year made the following assessment: "World war will not break out but local wars and armed conflicts will still pose the main threat to world tranquility."

At a meeting held early this year, Sui Yongju, political commissar of the 2d Artillery Corps, even stressed: "There are still destabilizing factors in the situation of our neighboring countries [wo guo zhou bian xing shi 2053 0948 0719 6708 1748 0528], Li Teng-hui will not change his plot to create a split, and the struggle for Hong Kong's return to the motherland is very complicated" and therefore "the task of preparing for military struggle is extraordinarily arduous."

The source also disclosed: The 2d Artillery Corps has taken military training as a central task this year, which includes war methods studies, combined missile brigade training [dao dan he cheng lu xun lian 1418 1734 0678 2052 2464 6064 4886], and relevant training after the unit had been fitted out with new missiles. To improve training quality, the headquarters of the 2d Artillery Corps has called on the principal officers [zhu guan 0031 1351] of all units to concentrate their energy on training. Meanwhile, the 2d Artillery Corps will assemble its army-, division-, and brigade- level principal officers and chiefs of staff for training in



two batches and check on army- and division-level principal officers. Assessment of brigade- and regiment-level principal officers will be sponsored by army- and division-level officers.

An analyst familiar with China's missile technology pointed out that the new missiles used to equip the 2d Artillery Corps must belong to the modified Dongfeng medium-range surface-to-surface missiles.

After the 1991 Middle East war, China started to comprehensively review and improve the performance of its missiles. Following the deterioration in cross-strait relations, there is a more urgent demand to speed up equipment renewal, and the focus of missile improvement is to increase missile accuracy and anti-electronic interference capability.

**\*PRC: Military Applications of Amphibious Craft Noted**

96CM0017A Beijing JIANCHUAN ZHISHI [NAVAL AND MERCHANT SHIPS] in Chinese 8 Sep 95  
No 9, pp 30-31

[Article by Zhang Xu (1728 3563): "The Development and Future of Wing-in-Ground Craft"]

[FBIS Translated Text] Ever since man began to use boats, he has striven to increase their speed. But conventional displacement vessels show greatest economy only when traveling at medium and low speeds, and one must overcome increasingly great hydrodynamic drag in order to increase their speed. It is extremely difficult nowadays to continue to increase the speed of conventional displacement vessels.

Since air is 800 times less dense than water, aerodynamic drag is insignificant by comparison with hydrodynamic drag. Therefore, lifting the hull of a ship partly or completely out of the water to travel on the surface of the water is doubtlessly one effective way of reducing drag and increasing speed. Numerous techniques exist today for lifting ship hulls from a displacement state. One is a rationally designed ship hull with molded lines that produce a hydroplane craft whose hull skims the water surface at high speeds. Another is the hovercraft which relies on a static air cushion to lift part or all of the hull above the water surface. Still another is the hydrofoil craft, which uses the hydrodynamic force of hydrofoils to lift the hulls. These high performance craft designs are already in large-scale use, and they are producing remarkable benefits.

However, among these high performance craft, another new design exists about which the public is not very aware — the wing-in-ground craft (WIG). Not only does this design show excellent high speed performance,

but it also possesses outstanding seaworthiness and amphibious capabilities. Although research on this craft began long ago, it was not ready for actual use for a long time. With rapid advances in science and technology in recent years, however, every country has made substantial advances in research on this ship design. Prospects for its broad military and civilian application also have begun to arouse widespread interest in all countries.

WIGs are a new model craft whose design is based on water surface effect and hydromechanical principles that are capable of traveling entirely free of the water surface. They are a special kind of transportation vehicle between a ship and an airplane. The surface effect of wings on the hull during flight just above the surface of water or land supports the weight of the craft, which can travel above the water surface or soar at a low altitude.

The so-called surface effect means that when the wings are at a certain altitude close to the surface of the water (or land), the flow of air between the wings and the water (or land) is greatly hindered. Air flow under the wings is compressed between the ground surface and the wing surface making it very difficult for the air to flow out the sides immediately; thus, pressure on the underside of the wings is greatly elevated. This produces a dramatic increase in lift.

Research and development of the surface effect has been underway for a long time. When aircraft first began to be developed, some aviators discovered that lift increased greatly when an airplane took off, landed, or flew close to the ground. In May 1932, when a huge German airplane named Duokesi [phonetic], loaded with passengers and flying the stormy North Sea, suddenly went out of control, engine rotation speed fell sharply, and the airplane fell straight down from a high altitude. When it was just above the surface of the sea and about to fall into it, the Duokesi unexpectedly stabilized and maintained flight at an altitude of approximately 10 meters above the sea. This was due to the peculiar role of the surface effect.

In 1932, A Finn named Kaliao [as transliterated] designed and built the world's first passenger carrying vessel employing the surface effect, the "flying sleigh." Kaliao named it a wing-in-ground craft. However, owing to the limitations of technology at that time, as well as the steady development of aircraft in the direction of high altitude and high speed, no substantial advances were made in research of this kind. Following World War II, rapid development of radar required that aircraft fly at ultralow altitudes in order to escape detection. However, the density of the atmosphere during flight at ultralow altitudes produced many unfavorable effects,

including heavy drag, short range, and small carrying capacity. In addition, flying at ultralow altitudes for long periods was very unsafe for most aircraft. Therefore, development of ground effect flight vehicles attracted serious attention once again. At the end of the 1950s, in particular, successful British research on full hovercraft once again aroused interest in this kind of "vessel" that was able to fly above the surface of the water. Since the 1960s, numerous countries such as Finland, Japan, the United States, Germany, and the former Soviet Union have invested large amounts of manpower and materials in research, and a succession of improved WIGs has appeared steadily. These new type WIGs not only possessed an ultralow altitude fast flight capability, but excellent amphibious capabilities as well. However, they still had problems with pitching and heaving in flight that made them unstable. It was not until the 1970s that a new generation of fine performance WIGs was born.

WIGs greatly resemble an airplane in external appearance. Two huge wings are mounted on each side of the hull, but there is no fin on the tail. The craft uses a turbofan and a turbopropeller, or a jet aircraft engine, for propulsion. It employs a vertical rudder, horizontal rudder, wing flaps, and a stabilizer to control the craft's heading, and to maintain its flight altitude. Its fuselage and wing structure also have certain characteristics of an airplane. Most of its on board equipment and instruments come from aircraft as well. Even so, A WIG differs qualitatively from an airplane. An airplane relies on the flow of air past the wings for lift to fly, but a WIG uses the ground effect to fly at a low altitude of between 0.8 and 30 meters above the surface of the sea. This is something that most airplanes cannot do.

The distinctive characteristics of WIGs as new type ships show up in the following main ways:

**Superb Mobility.** A WIG's use of the surface effect enables it to leave the surface of the water completely to travel in the air whose density is 800 times less than that of water. This greatly decreases the drag that is exerted on ordinary vessels and greatly increases its speed. Currently, a conventional displacement type craft has a maximum speed of only between 30 and 40 knots, and although the hulls of hydrofoil craft and hovercraft travel above the water, thus decreasing the drag of the water on them, their hydrofoils and their aprons still come in contact with the water. Thus their speed is limited to between 70 and 80 knots or less. But a WIG can travel at more than 100 knots, or even between 300 and 400 knots.

**Superb Airworthiness.** In flying above the surface of the water, a WIG can respond to different sea conditions. In particular, it is able to fly above a

stormy sea. Since a WIG is not pounded by the waves when flying above the surface, its seaworthiness under abominable sea conditions increases.

**Easy Operation.** A WIG operates mostly through manipulation of its vertical rudder, its elevator, and its wing flaps. It operates more simply than an airplane, and it turns easily. In addition, the wing flaps may be manipulated for flexible control over the WIG's speed and flight attitude.

**Good Economy.** Pressure under the wings of a WIG increases greatly as a result of the surface effect from flying fairly close to the water surface; consequently, a manifold increase in carrying capacity can be obtained by comparison with an airplane of the same engine power; furthermore, because of the small specific power (80 to 130 horsepower per ton) and the large lift-drag ratio when flying within the ground effect zone, fuel consumption is less, and cruising radius is greater. A WIG is far superior to an ordinary airplane or helicopter in terms of carrying capacity, speed, and cruising radius at the same power consumption.

**Convenient Maintenance.** WIGs require no permanent shore bases. Unlike other high speed craft, they are able to come ashore under their own power without the need for cranes or chutes. Furthermore, since they have no aprons like hovercraft, maintenance is extremely convenient. In addition, not only can WIGs fly above the surface of the water, but they do not have to make a gliding takeoff from the water or land on the water like seaplanes. Thus, they are much less corroded by sea water than conventional ships and aircraft.

**Diverse Flight Modes.** Not only can WIGs use the surface effect for high speed and stable flight above the water, but they can fly above beaches, marshes, grasslands, deserts, glaciers, and snow covered land. They possess fine amphibious capabilities, and extremely broad application.

**Reliable Flight Safety.** Since WIGs can travel through the water like conventional ships when their engines fail or operating errors occur forcing WIGs to the surface of the sea. Their fine horizontal stability in stormy seas ensures their safe travel through the sea. Some WIGs can also vent their engine exhaust forward beneath the wings of the craft to create an increase in dynamic lift. This not only assists takeoff and improves amphibious performance, but also improves flight safety.

Since WIGs have the speed of airplanes and the economy of ships, they hold very good prospects for development as transportation vehicles. They are particularly suited to high speed passenger and freight transportation. In addition, WIGs can go where other



forms of transportation cannot, such as in shallows, rapid currents, snow covered terrain, and swamps, making them a special transportation vehicle.

The speed, maneuverability, amphibious characteristics, and ability to conceal WIGs is also greater than that of other craft; thus they have broad military application. Since, they are fast flying, ultralow altitude flying vehicles that approximate the actions of navy airborne troops in many regards, and that approximate the performance of speedboats as combat weapons and in tactical use, WIGs may become a new generation fast attack craft replacing hydroplanes and hydrofoils, thus greatly increasing the combat effectiveness of fast attack craft. In addition, since WIGs usually fly at an altitude within 50 meters of the surface, they are in the radar sweep and search blind zone. Thus, the ultralow altitude flight of WIGs not only leaves no traces on the water surface, but it is difficult to detect by radar. This greatly increases the concealment and surprise attack capabilities of the craft. This extraordinary concealment capability has extremely important military significance.

Since they can float and glide on the surface of the water, and can also fly rapidly at a certain altitude over ice, snow covered land, shallows, swamps, deserts, and grasslands, WIGs may be used as landing craft for rapid and effective completion of the movement of troops and assault landings in military campaigns. The low flying altitude, the long cruising radius, and the carrying capacity of WIGs may also be increased somewhat when needed; thus, WIGs are also suited for development as anti-submarine patrol craft. Their economy, speed, and ability to takeoff and land on the ocean, also make WIGs suitable as high speed transports along coasts and at sea. In addition, WIGs can also function as high speed minelayers, minesweepers, and rescue craft. Since they fly above the surface of the water, they are able to avoid attack from weapons in the water; thus they have a relatively long life.

WIGs show good commercial prospects and have great potential military value; consequently, the navies of many countries are vying to develop them. The former Soviet Union and the United States hold the lead in WIG technology research, and they are in the transition stage of producing practical craft. Other countries are also paying extremely close attention to their research and development.

#### **\*PRC: Beijing Military Region Urges Training Reform**

96CM0068A *Beijing JIEFANGJUN BAO in Chinese*  
19 Sep 95 p 6

[Article by the training department of the Beijing Military Region: "Urgent Need To Deepen Military Training Reform"]

[FBIS Translated Text] Military training reform is a dynamic process. The fundamental mission of the new round of training reform is to overhaul the content of training, the methods of training, and the management of training by focusing on military combat in the real world and on the build-up of the armed services in order to fashion a new style training system that is compatible with the new era's military strategic goals. With that in mind, we have conducted some preliminary research, the results of which are hereby published in hopes that our humdrum observations would elicit more valuable opinions.

#### **I. Make the Content of Training More Focused, Practical, and Comprehensive**

Changes in the form of war, the battlefield environment, and combat missions have rendered the content of current training out of sync with what it takes to win a high tech local war. For instance, different units with different combat missions use the same outline, which shows that there is too much uniformity in the content of training. Also, current training does not put enough stress on air strikes and counter air strikes, reconnaissance and counterreconnaissance, jamming and counterjamming, air drop and counter air drop, mobility and counter mobility, and night combat, which no training program can do without. Also absent from current training are multitopic comprehensive training for tactical forces and joint three-service training at the campaign level. There is no proper connection between campaign training and tactical training. All these problems cry out for reform.

Determine training topics to suit combat missions. Different units in the People's Liberation Army [PLA] are entrusted with different combat missions. The headquarters of the general staff should set different training topics for different units in light of their special combat missions, forming a general training outline. Using the general outline as a guide and taking into account its own circumstances and the combat mission it may be asked to take up, each war zone, along with the navy and air force and the second artillery division, should then work out its own training sub-outline. In the main, the group army and the units underneath it should train its forces and meet quality specifications by following



the topics in the training sub-outline and complying with the training requirements set by the higher authorities.

Keep the needs of real combat closely in mind and set priorities in training. In response to the extensive applications of high tech, we should emphasize high tech research and apply ourselves to developing the methods and techniques of neutralizing high tech weapons. In response to the diversity of our adversaries in combat, we should study the military of foreign countries and fashion effective countermeasures that would highlight China's strengths and zero in on the enemy's weaknesses. In response to the treacherous nature of the battlefield environment, we should stress psychological and physical training. Enhance the psychological tolerance of both officers and men and their capacity for protracted fighting, their adaptability to changing circumstances, and their ability to cope with a full range of adverse environments. In response to the vastness of the theater of operations, we should stress training in mobile warfare. Improve the forces' rapid response capability and its ability to wage war in all directions and under all weather conditions. In response to the sophisticated nature of reconnaissance technology, we should stress night fighting and camouflage training. Augment the forces' overall night fighting capability and their survival skills in field operations. In response to the gravity of the threat from the air, we must stress anti-air strike training. Sharpen the units air defense capability in field operations. In response to the fierceness of electromagnetic combat, we should stress magnetic resistance training. Raise the forces' overall skills in electronic combat.

Make joint training a bigger part of training overall. Raise training standards. A local high tech war is characterized by three dimensional theaters of operations, the interrelatedness of the combat forces, the cohesiveness of combat command, and the integrity of combat security. It is imperative that joint training be made a greater part of total training and that joint training be upgraded. Historically, however, each service in the Chinese military went its own way as far as training is concerned; coordinated and joint combat training has always been a weak link in Chinese military training. Accordingly, we must add training in three-service joint combat and coordinated combat; develop a three-service joint training outline; set coordinated training topics; determine the content, timing, and methods of such training; regularize specific standards and use them as the basic yardsticks in joint multiarm multiservice joint training; and make training cyclical and systematic.

## II. Open Training, Simulated Training, and Base Training

The challenge of high tech warfare has brought out the problems of the traditional training model: its techniques lack variety, its methods are outdated, and its forms are too monotonous. Reform is urgently needed.

Open training. Establish cooperative relations among the various arms of the services, military colleges and institutes, and scientific research units in the same region. Conduct bilateral and multilateral exchanges in information, qualified personnel, achievements, and facilities. There should be extensive cooperation in training and teaching reform, in scientific research, in the training of qualified personnel, and in the major training activities. Make full use of the strengths of local institutions of higher education. Raise the troops' overall scientific and cultural standards by taking advantage of the TV university, evening university, and correspondence university, and by hiring local experts to give lectures. If the circumstances permit, we may even invite foreign military experts and scholars to come here to teach and give lectures and send the appropriate personnel to developed countries to visit and study their military and undergo training. Personnel should be sent abroad in batches in an orderly fashion in accordance with a plan.

Intensify simulated training. On the one hand, simulated training makes training more realistic; it is almost like real combat. On the other hand, it can reduce wear and tear on the hardware, thereby lowering training costs. Hence the emphasis on simulated training everywhere. Simulating the battle zone: Have the forces train on site at the predetermined combat zone so that they can familiarize themselves with the battle plan and battlefield environment and acquaint themselves with every possible combat maneuver. If the forces are a long way from the combat zone, a place similar to the predetermined battlefield topographically should be selected as the site for simulated battlefield training. Simulating the adversary in combat: Regiment level combat units should designate a unit of the size of a company and equip it according to the simulated adversary in combat so that it becomes a bona fide "blue army." Simulating training equipment: Unify planning. Organize the military, colleges and universities, and scientific research units to research and develop tactical and campaign computer-simulated training systems. At the same time, develop and produce a full range of complete sets of modern standardized simulated training equipment.

Develop base training. The armed forces in many foreign countries have established a variety of training bases and centers. The U.S. army, for instance, boasts

a dozen or so training bases of all types, including six which are fairly large in size. One of them, Fort Owen National Training Center, can handle the training of 12 brigades each year, which means that 121 mechanized infantry battalions and armored battalions stationed locally which are assigned medium and high intensity combat missions can receive training in rotation every other year. In contrast, training sites in the Chinese military are lagging badly. By and large we have to rely on small and scattered training grounds and conduct field training at whatever sites that happen to be "nearby" or "convenient." This problem has become a serious impediment to the drive to improve the quality of military training and enhance overall combat effectiveness. Therefore, we must resolve to build large comprehensive training grounds and develop base training. With base training, the forces will be able to conduct high-level standardized training near the actual theater of operations, carry out new equipment testing, practice combat maneuvers, and jointly rehearse with different arms from other services on site. Base training will also enhance the functional quality of a site and the efficiency with which it is utilized. By pooling financial and material resources, base training will raise our overall security capability.

### III. Improve the Training Management Mechanism

Better training methods and techniques will make new and more exacting demands on training management. It is imperative that military training be truly based on law and be put under scientific management. We need to develop a scientific and rigorous training management mechanism.

Formulate a "training supervision rewards and punishment law." Various areas of military training, such as the organization, leadership, content, and quality of training, are now based on this or that law. What is lacking, however, is legislation that makes the supervision of law compliance and law enforcement mandatory. No time should be wasted, therefore, in working out a "training supervision rewards and punishment law" to complement the "Military Training Regulations." The law should regulate training management in the entire military while ensuring that "Military Training Regulation" and other training laws and regulations are complied with.

Reestablish a specialized training supervisory body. The Chinese military had a training and supervision department in the early years of the PRC, which did much to promote regularization training at the time. The department was later abolished for a variety of reasons. However, our practical experience with training shows that when training and supervision are combined under

the same roof, there is a strong tendency to emphasize training at the expense of supervision. Not only does the quality of training suffer, but so does the style of training. For this reason, therefore, it is essential that the training department be separated from the supervisory department and a body be reestablished that specializes in training supervision and is well coordinated from top to bottom.

Nowadays the military field is changing on a daily basis all over the world. Faced with new challenges, military training in China must undergo all-round, systematic, and deep-seated reform to shed its longstanding backwardness. A new training system must be created without delay that would meet the needs of winning a high tech local war.

### \*PRC: Journal Views Military Officers in Career Transition

96CM0015A Beijing GUOFANG [NATIONAL DEFENSE] in Chinese 15 Sep 95 No 9, pp 4-6

[Article by Qiao Dan (0829 0030): "Chinese Military Officers Are in a Career Transition Between Being the Choosers or the Chosen"]

[FBIS Translated Text] With 1995's career transition work underway throughout the PLA [People's Liberation Army], about 42,000 military cadres [officers] are doffing their uniforms to take up jobs in local economic construction. Two years ago, Comrade Song Ping explained the career transition of military officers as follows: "As the PLA is an army of the sons of the people, coming from and serving the people, it is quite natural for them to return to the people once they complete their defense mission."

So undoubtedly, the career transition of military officers is a return trip.

But while it is "quite natural," it is certainly not easy. At such a crucial career turning point, what are the mindsets of the officers in transition? What are their thoughts, concerns, and hopes? Those questions have become hot topics.

Most officers in career transition are treating the transition "matter-of-factly," showing understanding and sympathy for the nation's troubles, and starting to cast off their "bureaucratic" mantle.

As the policy of military career transition and job placement is steadily improved and officers' ideas and concepts are converted and upgraded, the thinking of officers in career transition throughout the PLA in 1995 is showing certain clear features differing from the past:

- 1) Most officers are treating it "matter-of-factly," facing



it quite calmly and frankly, with most comrades seizing the time to learn new skills to adapt to new jobs; 2) Officers are showing understanding and sympathy for the nation's troubles, being full of faith in the national policy of officer career transition and job placement; 3) Officers are starting to cast off their "bureaucratic" mantle, focusing no longer on party and government organs alone, but rather on job aspirations suited to their own distinct features and objective realities.

Just hearing the voices of some officers in transition from the great northwest is likely to provide a deeper understanding of this.

Voice 1: I am at the disposition of the organization, standing my last post well. Yang Lin'gao, a former political commissar stationed in a hospital at the revolutionary shrine of Yan'an, when told by his organization that he is set for discharge, says tearfully and choked with emotion that: "While I was born in the barracks and grew up in the army, with my over two decades of service from a grass-roots soldier to a political commissar leaving me with a deepfelt regret about leaving the service and hopes that I could stay on for a few more years, as a party member and military officer who was trained and cultivated by the party for many years, I understand the organization's difficulties, so will certainly submit to the organization's arrangements." As to what problems he is facing, Political Commissar Yang says: "As I am a regimental officer trained by the military, I will not trouble the organization with my problems. My only aspiration is that before I leave the army, I can do just a little more for the hospital establishment, contributing a little more devotion to the people of this old liberated area."

Voice 2: I am not seeking to develop in the crowded "official ranks." He Weiguo, a former political department director from the Xining Military Sub-District (MSD) in Qinghai Province who is set for discharge, says that: "While I meet job-qualification terms, I am certainly not much concerned about my future job arrangements, only hoping to work someplace where I can display my talents. It is said that once one has acquired skills, it is best to return to his native place. As I have studied during my military service specialties such as political theory, financial management, law, and language, earning a college degree, I firmly believe that while I could still lead an advanced unit in the army for some years, I can do just as well by returning to my native locale."

Voice 3: While it is of course good to be able to get into a "desirable" unit, not being able to do so is not necessarily bad. It is reasonable that having served industriously and devotedly for so many years in the army, one would wish after discharge for a

more satisfying job. But a training section chief in the Lanzhou reserves has his own thoughts about that: "While most officers in career transition would now like to get into 'desirable' units with good efficiency that ensure stable incomes despite the vicissitudes, believing that this is the only way to keep one's balance, a more careful analysis shows that with local government organs converting their functions, dismantling their 'shrines' and cutting back, many party and government officials are moving onto the economic construction front. So with that being the general trend, just how could such units take in so many officers? As a training officer who also did many years of guard and security work and, in the interests of lightening the state's job placement pressures and burdens to contribute more to society, I could not bear to take the easy path of crowding into a 'desirable' unit. My greatest aspiration is that if possible, the organization will be able to reassign me to a similar specialty."

Voice 4: While I expect understanding and hope for consideration, unilaterally demanding consideration is not in the nature of a military man. While we mostly heard and learned through our coverage that most officers in career transition long for public understanding and support in areas such as job placement, arrangements for their dependents, and housing, Yuan Runping, a former political instructor in a certain unit says that: "As we soldiers are ordinary people, after working hard for half of our lives, we look forward to a pleasant second half. But as hopes are after all not realities, with unilaterally demanding state consideration not being the military style, I am going to make my own efforts to realize my own values."

While "those who wish to go" and "those who wish to stay" each have their own considerations, many comrades are acting "unrealistically" as to choice of occupation.

Structurally, the military officers being demobilized in 1995 have three distinct features: 1) As they are better educated with more work experience, more of them are capable of direct service to local economic construction; 2) They are older, with more professional officers of both genders; 3) More of them need to find jobs in large cities. As to placement form, the steady intensification of economic and personnel reform is providing a great many job opportunities for demobilized officers, as well as sharper competition. So their job placement has both positive and negative aspects.

In dealing with the matter of career transition, "wishing to go" or "wishing to stay" are the two general mindsets of demobilized officers. Whether they continue to serve in the army or wish to make new plans in their localities,



they are driven by job factors, as well as success-failure [gain-loss] considerations.

Of the officers "wishing to leave," the most impatient ones with the more urgent aspirations are mostly the better educated, younger, and specialized officers working in lower level jobs. They are attracted by mainly three factors: 1) The large gap between their military pay and that of certain local units, particularly of their classmates; 2) With their technical specialties, they can stand firm and live well in local jobs with good prospects; 3) As certain comrades have specialties that are not being fully used in the army, they aspire to local jobs. So instead of waiting until they are older when job placement would be harder, they prefer to take advantage of their age and leave sooner.

Of the officers in career transition who "do not wish to leave," most of them have a "stability" mindset. Most with that mindset are older officers working in jobs above the regimental assistant level, office workers, and women officers.

Those with the above mindsets express the following concerns when choosing occupations: 1) The pursuit of material benefit. For instance, young officers working in specialties such as computers and foreign languages aim at working for [private] corporations, foreign enterprises, and in the business world in pursuit of higher pay. As civil [public] service pays less, with sharper competition and no benefits such as [private] corporations and foreign enterprises, it is less patronized. 2) In search of insurance. Such officers account for a sizeable percentage. Those who make this choice do not indulge in the pursuit of "officialdom with high pay," rather merely seeking an "insured" workplace. They mostly favor "desirable" lines and party and government organs such as industry and commerce, taxation, and finance where the work differs less from their military jobs, there is less risk, and the cash income is more stable, wishing for a "peaceful ricebowl." 3) In pursuit of "officialdom." There are many officers with this mindset, even some who have worked for years as technicians yet demand to be transferred to administrative work in pursuit of a semiofficial career. 4) A wait-and-see approach. While some officers in career transition would like to "dive into the sea of the business world" [privatize], as that "sea" is so turbulent and they are not such good "swimmers," they decide to first get jobs with party and government organs and institutions to "view the sea" from the mountaintop while looking for an opportunity. That gives them a mountaintop to retreat to or the "sea of business" in which to dive. 5) A "dependence on connections." Officers with this mindset regard "connections" as a "magic bullet," lacking confidence in the military and local placement sectors,

and often being duped by "connections" to the loss of opportunities. 6) Concern for saving face. To save face, they naturally seek "desirable" official positions and, the bigger the trademark and reputation, the better. 7) A lack of confidence in their capabilities. Officers with this mindset do not believe in their own abilities and qualities, overestimating the complexity of local conditions and lacking competitive self-confidence, or even fearing and evading competition, seeking only to find a safe harbor in a calm sea. So when choosing occupations, they not only blanch at the mention of the "sea," but also do not dare to go to grass-roots and industrial enterprises. And even when they are recommended to certain party and government organs or "desirable" lines where the competition is intense, they are often hesitant and overcautious.

It needs to be noted that the CPC Central Committee, the State Council, the Central Military Commission, and local governments at all levels are all paying great attention to the job of placing military officers in new occupations. Meanwhile, as the steady intensification of economic and personnel reform is providing more job opportunities and bringing more job placement outlets for military officers in career transition, the work is going better. As competition is needed not only for social development, but also for individuals to find jobs that bring their talents into maximum play, it is generally of benefit to the country and its people. But it is not hard to see from the above mindsets of demobilized officers that many comrades are acting unrealistically in choosing occupations. So leaders and organizations at all levels need to intensify their indoctrination and guidance of demobilized officers, raising their understanding and awareness of reform and opening, so that they can overcome as quickly as possible their blindness and misconceptions about choosing occupations and get jobs where they can display their talents to the full, to make a better contribution to our national development.

When suddenly faced with a turn of events, some feel very "lost," so try to return to a certain sense of "balance."

While most officers set for discharge face it calmly, as it is after all a crucial turning point, certain of them feel "lost" and try to regain a certain sense of "balance," which is quite reasonable. As those feeling this sense of "loss" generally face differing specific conditions, they also express differing mindsets.

The pursuit of consideration. Those with such a mindset are generally comrades with longer military service who have long held leading positions. While such officers know their jobs and are zealous about military life, they are absolutely unprepared mentally for the transition

to local work. Once they learn that the organization has set them for discharge, they imagine that they are going to face a completely unfamiliar world, with their first emotions being ones of enormous pressure and a sense of dread. One upright regimental officer in a certain military school with nearly three decades of service, after a talk with his organization, closed his door and refused to see anyone for a week, suffering from depression and severe insomnia. He held that as he had served so conscientiously in the army, for which he had received so many commendations, and was now nearly 50 years old, so was long past the age of starting a new civilian job, the organization ought to consider that and let him serve until he retired.

**Confusion.** As the "Officer Service Regulations" clearly provide for discharging officers from their current positions, most officers in career transition have made a certain amount of ideological preparation for their retention or discharge. As they well know that in line with army rotation regulations, they will have to sooner or later leave the military for civilian work, they are able to submit to organizational policy. But as localities have been streamlining their administrative structures in recent years, with reform steps such as the institution of a national civil service system bringing more staff reductions in government institutions and making the job of placing officers in career transition even more difficult and, in light of the less than ideal situations of the comrades previously demobilized to civilian jobs, certain officers in career transition have decided that it is better to stay than leave. They believe that staying in party and government organs and continuing to "live off of the state" will not effect them, as they do not dare to lose their "iron ricebowls" and dive into the "sea" of business to look for their own jobs and, as they are incapable of going down to the grass roots to start a new occupation, they need to try to regain a certain sense of "balance," so that consequently and unknowingly, they end up in a state of bewildering ideological confusion.

**Expectations.** While certain officers have long since made plans for a career transition to civilian work, in search of a sense of "balance" they hold unrealistic ideas and make unrealistic demands about job placements. This shows up in particular as: high job demands or, upon return to their localities, jobs at the same level or only one grade lower at most; high pay demands, or wage income generally no lower than army pay and up-to-standard housing; good positions, or jobs in party and government organs above the local and municipal level or in "desirable" units such as finance, taxation, industry, and commerce. One officer set for discharge in 1994 did not have his excessive demands met, so did not leave the military when he was supposed to. Even after being

disciplined by his organization and set for discharge in 1995, he still said that he would absolutely not lower his demands. While the government department in which another leading regimental officer was placed clearly responded that it was willing to take him, as well as offering him a leading post, it was temporarily unable to arrange housing for him. So that officer demanded that unless his job, position, and housing were all resolved simultaneously, he would not report for work.

As to the above mindsets of certain officers in career transition, we believe that party organs at all levels ought to give them full understanding and attention. Through thorough and solid ideological indoctrination, as well as gradual psychological self-adjustment, these comrades will certainly be able to ultimately face up to the reality, recognizing their own strong points, to cheerfully submit to the organizational policy. But those officers in career transition with high job aspirations often cause work difficulties and a change of priorities. So to solve their problems under current conditions, we will have to, on one hand, exercise patient persuasion and indoctrination so that they can come to a clear understanding of their own status, making allowances for local government difficulties by changing their unrealistic aspirations. On the other, as to those who decide to stay or leave based on whether their demands are met, or who refuse to submit to organizational policy by making unrealistic demands, we need to criticize them severely, as well as subjecting them to administrative discipline based on their particular situations.

**\*PRC: Commentator Stresses Grass-Roots Military Program**

96CM0048A Beijing JIEFANGJUN BAO in Chinese  
18 Aug 95 p 1

[Article by JIEFANGJUN BAO commentator entitled "Focus on the Regular Implementation of the 'Program'"]

[FBIS Translated Text] Since the promulgation of the "Grass-roots Military Development Program," the troops have followed Chairman Jiang's instruction to "focus on implementation and be sure to achieve all-out progress in grass-roots construction." They have worked hard and have produced good results, and the implementation of the "Program" has had a fine beginning. Today, what we must emphasize is how to implement the "Program" on a regular basis. This is very important in preventing and overcoming any shortsighted behavior, the chaotic phenomena, formalism, and the tendency to pay lip service and so on at the grassroots level, and it is important in helping us carry out what Chairman



Jiang urged us to do in his "Five Sentences" to raise the troops' overall standard.

The heart and soul of the "Program" is the "Five Sentences," every one of which is practical and specific, and every one requires our regular and continuous, relentless, and arduous struggle to accomplish. The "Program" stipulates seven major regular tasks at the grass-roots level, and it clearly requires us to remain focused at all times. The "Two Firsts" activities launched among the grass-roots units can move forward in depth, solidly, and in a healthy way only if we "focus on construction, make it a regular practice, and emphasize real results." Grass-roots personnel move around frequently, and often what is already implemented can be undone. To really comply with the "Program" in our everyday work, we must make every little bit count. We must lay the foundation one brick, one stone at a time and go back and forth to make sure that the "Program" is followed on a regular basis. This is also the lesson drawn from the practical experiences of the advanced grass-roots units.

To implement the "Program" on a regular basis, we must firmly establish a consciousness about the "Program," and that means government organs must strictly abide by the "Program" in their guidance while the grass-roots abide by the "Program" to strengthen construction. The leading organs, especially those at and above the army commander level, must heed the "Program's" demands as they focus on grass-roots construction, never deviate from the "Program," and never come up with their own "points." This is the basic premise of implementing the "Program" on a regular basis. If we accomplish this, we can avoid the phenomenon of "everybody speaking his own piece and doing his own thing" in government departments, and then we can deal with the relationship among setting priorities, making spot checks, and doing good work on a regular basis to guide the grass-roots to follow the "Program" in an orderly fashion.

The brigades and regiments are the "first line of command" in strengthening grass-roots construction. The higher level orders and requirements must be handed down by the brigades and regiments to the grass-roots. Whether the "Program" is upheld regularly to a very large extent depends on how the brigades and regiments "guard the passes and the floodgates," how they act as "go-betweens," and how well they do as leaders in a face-to-face situation. The tasks of troop construction may be arduous and unending, but so long as the brigades and regiments follow the "Program," set priorities, and maintain centralized control, the grass-roots work will not be thrown into chaos, with "a hammer here and a stick there." The brigade and regiment leading organs should go deep into the grass-root levels often to check and supervise, to help and

guide, so that the "Program" is always implemented on a regular basis.

Whether the "Program" is implemented on a regular basis is reflected in the grass-root routine tasks, and ultimately we must rely on the party branches to guide the grass-roots rank and file to complete the tasks. To find out if the grass-roots party branches have the correct guiding ideologies, we must find out if they consistently follow the "program" at work and in construction. To gauge the strength of the grass-roots party branches' "two abilities," it is important to see if they regularly follow the "Program" and check the results. Only when the grass-roots party branches give full play to their role as fortresses will there be a strong organizational foundation and the guarantee for the regular implementation of the "Program."

"First To Build an Advanced Company And First To Be the Finest Soldiers"—these activities are an effective way to promote the implementation of the "Program" and facilitate grass-roots construction. Regular participation in the "Two Firsts" activities is an important way to promote the regular implementation of the "Program." Some units are linking those activities to regular good work and completion of all tasks. They use those activities to make sure all tasks are completed, and they check the performance to determine the results of the "Two Firsts" activities and prompt the rank and file to work on a regular basis, compete on a regular basis, and struggle on a regular basis. That practice should be promoted. The leadership should diligently strengthen their guidance in the "Two Firsts" activities, always be ideologically prepared, stimulate the masses of rank and file enthusiasm to be the first and the finest, and inject new life and vitality into the regular implementation of the "Program."

**PRC: Liu Huaqing, Zhang Zhen Inscribe for Journal**

*HK0502031996 Beijing JIEFANGJUN BAO  
in Chinese 23 Dec 95 p 1*

[Report by Chen Xianyi (7115 0341 5030): "Liu Huaqing, Zhang Zhen, Zhang Wannian, Chi Haotian Write Inscriptions for JIEFANGJUN WENYI To Mark Its 500th Issue"]

[PTS Translated Text for FBIS] Beijing, 22 December—The 500th issue of JIEFANGJUN WENYI [PLA LITERATURE AND ART], a military literary journal, was published in December, 1995. This morning, a commemoration meeting was held in the Military Museum to mark the journal's 500th issue and was attended by comrades in charge of the CPC Central Committee Propaganda Department, People's Liberation Army General



Political Department, State Press and Publications Administration, Chinese Writers' Association, and various local literary journals as well.

Liu Huaqing, Zhang Zhen, Zhang Wannian, and Chi Haotian, Central Military Commission vice chairmen, wrote inscriptions for the commemorative activities.

JIEFANGJUN WENYI, a monthly journal, started publication in 1951. The late Marshal Zhu De wrote the journal's name and a foreword for the journal's first issue. On numerous occasions, the late Mao Zedong, Zhou Enlai, Liu Shaoqi, Zhu De, and other party and state leaders submitted poems written in the war years to JIEFANGJUN WENYI for publication. Over the past 44 years, the literary journal has upheld the spirit of patriotism and revolutionary heroism and made positive, unremitting, and fruitful efforts to explore China's military literary creation on the basis of the Chinese people's revolution and construction. Over the past 44 years, JIEFANGJUN WENYI has published a lot of excellent literary works, many of which have been adapted to other artistic forms, included in primary or secondary schools textbooks, and translated into foreign languages for overseas publication. In the new period, JIEFANGJUN WENYI has been standing like a towering giant with its exceptionally new look among numerous literary journals published at home. For instance, a total of 12 works of fiction, 11 works of reportage, 13 dramas and plays, and one group of poems carried by JIEFANGJUN WENYI have won prizes in a national excellent literary works contest sponsored by Chinese Writers' Association. It can be said that the journal has positively contributed to the army's literary creation prosperity in the new period.

Xu Caihou, General Political Department deputy director, delivered at this morning's meeting a speech in which he urged JIEFANGJUN WENYI to continually hold aloft the banner of patriotism and revolutionary heroism, resolutely resist the corrosive influence of decadent ideologies and cultures, maintain the salient characteristics of a military literary journal, meet requirements laid down by Central Military Commission Chairman Jiang Zemin of "fostering people with a lofty spirit and encouraging people with outstanding works," adhere to the correct orientation of making literature and art serve the people and socialism, carry forward and uphold fine traditions, and constantly contribute to the army's literature and art cause.

#### PRC: Chi Haotian Attends Event Marking Spring Festival

OW0602130396 Beijing XINHUA in English  
1227 GMT 6 Feb 96

[FBIS Transcribed Text] Beijing, February 6 (XINHUA) — General Chi Haotian, vice-chairman of China's Central Military Commission (CMC) and defense minister, joined other senior Chinese military officers and foreign military attaches in Beijing at a get-together here tonight to celebrate China's Spring Festival, which falls on February 19.

Speaking at the occasion, Major General Luo Bin, director of foreign affairs department of the defense ministry, praised and thanked the military attaches in China for their role in enhancing the exchange and cooperation between the armed forces of their own countries and the Chinese People's Liberation Army (PLA).

"The exchange and friendly cooperation between Chinese and foreign armed forces kept expanding over the past year," he said.

He added that "the PLA will continue to develop the friendly cooperation with foreign armed forces on the basis of the Five Principles of Peaceful Co-existence and make unremitting efforts in maintaining regional and world stability and peace as well as common developments."

General Fu Quanyou, member of CMC and Chief of the PLA General Staff, General Yu Yongbo, member of CMC and Director of PLA General Political Department, General Wang Ke, Director of PLA General Logistics Department, and senior officers from various PLA departments were present at the party.

#### PRC: Public Security Minister Notes Objectives for Next 5 Years

OW0602155596 Beijing XINHUA in English  
1544 GMT 6 Feb 96

[FBIS Transcribed Text] Beijing, February 6 (XINHUA) — China aims to safeguard social stability, strengthen the feeling of security among the people, and make its police force more adaptable to the socialist market economy in the next five years, according to an official in the ministry.

The comment came in a speech that Tao Siju, minister of public security, delivered at the 19th National Conference on Public Security here today, in which he outlined the general objective in public security work over the next five years.

Tao pointed out that although great achievements have been made in the past five years, the police nationwide should be aware of the arduous work that lies ahead.

He explained that the number of criminal cases is on the rise and that inter-provincial and multinational crimes and those committed by computer and other high-tech methods are also growing, and predicted that severe criminal violence, major economic crimes, drug trafficking and prostitution, the production and selling of pornographic materials could further jeopardize social security and economic order in the coming years.

Therefore, the minister said, priority should be given to safeguarding social stability and halting the increase of severe criminal cases, to give people more favourable living conditions.

Statistics show that public security bureaus across China handled over 1.96 million cases over the past five years and the total amount of goods recovered in cases that were solved amounted to 24 billion yuan (3 billion U.S. dollars).

Police nationwide have been responsible for halting what would have been a massive state and individual economic losses by cracking down on tax receipt crimes in 160,000 major cases, each one involving at least 100,000 yuan.

In addition to having confiscated 120,000 guns and some 7 million cartridges, police nationwide have cleared up 680,000 cases of prostitution, drug trafficking, and pornographic materials over the past five years.

In addition to having perfected the household registration system, they have also simplified frontier inspection procedures to provide better service for the nation's economic construction and opening up policy.

The minister noted that a total of 1,543 policemen gave their lives in the line of duty over the past five years and that another 39,749 were wounded during that period.

Leading officials from political and legal sections, as well as provincial party and government officials, attended the meeting.

#### **PRC: Minister Promises Tougher Anticrime Measures**

**HK0702082896** Beijing CHINA DAILY in English  
7 Feb 96 p 2

[By Chen Yanai: "Minister Promises Anti-Crime Blitz"]

[PTS Transcribed Text for FBIS] China is to get even tougher against crime in a bid to create safer living and working environments.

Public Security Minister Tao Siju has ordered police officers across the country to stem the rising tide of crimes which are threatening public order and economic development.

In the firing line will be murder, robbery, drug manufacturing and trafficking, abduction of women and children, tax fraud and smuggling.

"The question of public order, which has an important bearing on the country's economic development as well as everybody's personal interests, has become an issue of concern among the people," Tao said.

His comments came in a speech at the opening of the 19th National Working Conference on Public Security, which will run until Friday. Concrete ways to reach the targets are expected to be revealed in the coming sessions.

The meeting is intended to review the country's public security work in the Eighth Five-Year Plan period (1991-95) and to work out measures for combating crime and reforming the public security sector during the coming five years.

In his speech Tao also called special attention to organized crimes and mafia gangs, urging police to keep a keen eye on the infiltration of overseas mafia organizations.

Effective steps are urgently needed to reduce juvenile delinquency and maintain public order in rural regions, Tao said. He said the management of fire arms, ammunition and explosives, the control of the transient population and fire prevention will be strengthened as well.

In the past five years, Tao said, the public security sector has made prominent contributions to social stability and public order. Over 1,500 police officers were killed and 39,700 injured while fighting crimes.

During the period, public security organizations throughout the country solved a total of 1.96 million major criminal cases, more than double the figure for the previous five years. And police seized 24 billion yuan (\$2.89 billion) worth of spoils and illicit money — 5.8 times the previous figure.

Tao praised the police's efforts on eradicating prostitution and drug making, trafficking and abuse.

A total of 677,000 prostitution cases involving 1.34 million people were solved and more than 12,000 firearms and nearly 7 million bullets were confiscated in the past five years.

The public security branches also cut down on great economic losses to the State and individuals through solving economic crimes like forgery, Tao said.



Meanwhile, the anti-corruption war has been raging within the public security sector. About 37,000 police officers were punished for violating rules over the past five years.

Tao vowed that the police across the country will continue to fight all kinds of crimes relentlessly in the future as they have done in the past to contribute to the country's economic development and to guarantee social stability and public order.

**PRC: Minister Promises Improved Police Organization Building**

*OW0602144796 Beijing XINHUA in English*  
*1434 GMT 6 Feb 96*

[FBIS Transcribed Text] Beijing, February 6 (XINHUA) — More efforts will be devoted to improving organizational building in police ranks in China over the next several years, Tao Siju, minister of public security, said here today.

Speaking at a national meeting, Tao described this as the "major work of public security departments at all levels".

The police must be "politically reliable, professionally efficient, qualified in working style, strict in discipline, and fair in enforcing the law," the minister said.

He added that priority must be given to political education to ensure that the police force keeps unison with the Party's Central Committee with Jiang Zemin at the core.

"They must bar their minds from temptation and corrupt ideology," he stressed. The ministry will make efforts in rooting out corruption in public security departments, and will strengthen the supervision over the abuse of power for personal interest, he said.

Meanwhile, the laws, regulations and rules that concern the police should be further improved, he said, adding that China will resort to the use of science and technology to increase its ability to fight crime.

The training of police is to be improved dramatically over the next five years and 10 percent of the police force will get college education, the minister said.



**General****PRC: Jiang Zemin on Supply, Marketing Cooperatives***OW0702052396 Beijing XINHUA Domestic Service in Chinese 1123 GMT 3 Feb 96*

[By RENMIN RIBAO reporter Zhao Zhiwen (6392 1807 2429) and XINHUA reporter He Jingsong (6320 0513 2646)]

[FBIS Translated Text] Beijing, 3 Feb (XINHUA) — General Secretary Jiang Zemin of the CPC Central Committee recently wrote a letter to the national representative conference held by the All-China Federation of Supply and Marketing Cooperatives, and gave important instructions on the work of the supply and marketing cooperatives, hoping that they will effectively guide peasants in the market, closely link hundreds of millions of peasants with the changeable markets, and fulfill the great historical mission of turning agriculture into a modern industry [nong ye chan ye hua 6593 2814 3934 2814 0553]. The supply and marketing cooperatives were required to consistently work for the purpose of serving the peasants, continuously strengthen their functions of serving agriculture, improve their service quality, and actually turn themselves into comprehensive service centers for agriculture and a backbone force in the service trade of the rural communities.

Premier Li Peng, Vice Premier Jiang Chunyun, and Comrade Wen Jiabao recently also gave important instructions on the work of the supply and marketing cooperatives. On the national representative conference held by All-China Federation of Supply and Marketing Cooperatives on 3 February, State Councillor Chen Junsheng, who is also chairman of the federation, set forth concrete requirements on implementing the important instructions given by Jiang Zemin, Li Peng, and other central leading comrades, deepening reforms among the supply and marketing cooperatives, and making efforts to really turn them into the peasants' cooperative economic organizations.

In his letter, Comrade Jiang Zemin extended cordial regards and high respects to the cadres and workers of the supply and marketing cooperatives throughout the country who have been working over a long time on the forefront of the countryside and directly serving the huge peasant masses. He pointed out: "Supply and marketing cooperatives are cooperative economic organizations of peasants who have voluntarily become shareholders and thus effect self-service. Thus, supply and marketing cooperatives constitute an important channel for commodity exchange between cities and the countryside. Over the past decades, especially since the beginning of reform and opening up, supply and

marketing cooperatives have made major contributions to the development of agricultural production, to the prosperity of the rural economy, to the increase in peasants' income, and to the great cause of building socialism with Chinese characteristics."

In his letter, Jiang Zemin said: "Guiding peasants into the market and closely linking millions of peasant households with the changeable market and promoting the industrialization of agriculture [nong ye chan ye hua 6593 2814 3934 2814 0553] is an urgent need in the development of the socialist market economy, and is also an ardent desire of the vast peasant masses. It is hoped that supply and marketing cooperatives will conscientiously fulfill this major historical mission, consistently work for the purpose of serving the peasants, continuously strengthen their service functions, enhance their service quality, and really turn themselves into comprehensive service centers in the countryside and a backbone force in the service trade of the rural communities. Party committees and governments at various levels should intensify supervision over supply and marketing cooperatives, give more effective guidance to them, and support their effort to work in an extensive scope and play a greater role in speeding up the development of agricultural and rural economy and in achieving the grand trans-century objectives of our country.

State Councillor Chen Junsheng, who is also chairman of All-China Federation of Supply and Marketing Cooperatives, delivered a theme speech at the national representative conference from supply and marketing cooperatives throughout the country, and called for making efforts to really turn such cooperatives into peasant's cooperative economic organizations. He said that supply and marketing cooperatives should invite more peasants to be their shareholders, increase the shares held by peasant members, more effectively and more regularly manage the funds raised from peasants, really allow peasant members to get involved in the policy-making process of their business operation and management, effectively strengthen the supply and marketing cooperatives at the grass-roots level, and make a substantial breakthrough in the course of turning themselves into peasants' cooperative economic organizations. Chen Junsheng also said that on the basis of the existing supply and marketing cooperatives, other forms of specialized cooperatives and cooperative economic organizations should be developed, and such new business forms as chain shops and the agent system can be adopted. Their market-oriented operation should give play to their local advantages, especially through the comprehensive development of agricultural resources, through the running of locomotive enterprises for processing local farm produce, through developing the inte-

gration of trade, industrial, and agricultural production and promoting the integration of production, processing, and marketing. They should further develop various production bases, develop the production of series commodities, offer systematic service for the whole process of production and marketing, do business like commercial enterprises, and thus promote commodity production among millions of peasant households and industrialize agricultural production. They should effectively maintain the order in the circulation of agricultural production materials according to the principles of "stabilizing prices and guaranteeing supply," and should set a good example in carrying out the state's policy for agricultural production materials. The work related to agricultural production materials should be changed from mere distribution into a more comprehensive mode combining distribution with service and management. A sufficient supply of such materials should be guaranteed by every possible means, and the price of chemical fertilizer must be kept stable. While doing a good job in the final stage of purchasing cotton reaped in 1995, efforts should be made to properly arrange cotton production in 1996 through guaranteeing the area of land sown with cotton seeds and giving systematic service to cotton growers, including signing purchase contracts with them, thus ensuring the stable development of cotton production and continuing to function as the main circulation channel.

In his speech, Chen Junsheng also talked about a number of questions that should be properly handled in the course of turning supply and marketing cooperatives into peasants' cooperative economic organizations. He mentioned 12 issues and required that in order to really turn themselves into peasants' cooperative economic organizations, the supply and marketing cooperatives at all levels properly handle relationships between serving members and nonmembers of the cooperative, between improving services and building up business strength, between comprehensive service and specialized service, between effective management and democratic operation, between ownership and responsibility, between grass-roots supply and marketing cooperatives and comprehensive joint ventures, between supply and marketing cooperatives and the enterprises affiliated to them, between those in cities and those in the countryside, between the responsibility to cooperative members and the responsibility to the state, and between losses incurred by the state policies and losses incurred by poor business results.

**PRC: 'Central Leader' Backs Economic Benefit of Mergers**

HK0602022696 Hong Kong TA KUNG PAO  
in Chinese 23 Dec 95 p A1

["Special dispatch": "Central Leader Says Merger Yields Positive Results"]

[PTS Translated Text for FBIS] Beijing, 22 Dec (TA KUNG PAO)—A central leader pointed out recently that eliminating deficits will from now on be the focus of industrial enterprise reform, of which mergers will be a very good method.

The leader noted that making up deficits will be the key industrial enterprise reform and a very important task during the Ninth-Five Year Plan. If industrial enterprises continue to suffer losses, it will be too heavy a burden for the national economy to bear. Turning losses into profits is an embodiment of the result and success of industrial enterprise reform. If enterprise reform is completed, it will not be reasonable for enterprises to remain in the red.

He holds that to turn losses into profits, enterprises themselves must resolve certain problems: One, it is necessary to have a good leading group; two, all enterprises must have one or a group of products that meet market demand; three, they should conduct technological renovation; four, they should strictly strengthen management. These are the four basic conditions. Although the former contract system yielded positive results, it has one negative effect, that is, management is relaxed. After an enterprise was contracted, people would no longer care about management, thus leaving the enterprise in a mess.

The leader added: What if certain enterprises are really too weak to run? While we used to pay attention to closure, suspension of production, mergers, and switchovers, we are now focusing attention on bankruptcy. Closure and suspension of production are tantamount to bankruptcy. However, it is not easy for enterprises to go bankrupt in a socialist country like China. In light of the current condition, mergers will be a very good method. If enterprises persist in the principle of voluntary participation and fairness, with one party merging with the other and the latter relying on the former, they will be able to resolve problems and achieve positive results.



**PRC: 'Leader' Urges Bold Enterprise Reform, Risk-Taking**

*HK0602022896 Hong Kong MING PAO in Chinese  
1 Jan 96 p C1*

[Report by special reporter Wang Hong [3769 4767]: "Senior Official Urges State-Owned Enterprises To Carry Out Reform Boldly, Allow Chinese, Foreign Capitalists To Make Profits"]

[PTS Translated Text for FBIS] While talking about state-owned enterprise reform recently, a senior Chinese leader said: State-owned enterprises must dare to take risks, be bold in introducing foreign capital, and allow Chinese and foreign capitalists to make profits. Empty talk is useless.

This leader, who is a member of the Political Bureau Standing Committee, recently gave a speech in Beijing. He stressed: At present, no one can provide a unified pattern for state-owned enterprise reform. Therefore, we can only proceed from reality and do what is effective. He continued: Large state-owned enterprises must be bolder and dare to take risks. They should devote their efforts to deepening reform. Empty talk is of no use. They must be afraid of nothing as long as propriety is in their hands and state assets are not lost.

Will import of foreign capital to transform state-owned enterprises lead to the loss of state assets? This is a point at issue with regard to the current state-owned enterprise reform on the mainland. In his speech, this leader pointed out explicitly: We must not take this too seriously, and should dispel our worries. On the one hand, we must let our country develop faster. On the other hand, we must also let foreign businessmen make profits. This will benefit both.

He maintained: Lenin set a precedent for communists to have dealings with capitalists after the October Revolution. At that time, the Soviet Union peacefully coexisted with the Western powers, introduced foreign capital, and even used old officers of the Tsar to train the Red Army. Now China is more powerful than the Soviet Union of Lenin's time. State assets constitute a very high proportion. We must be afraid of nothing.

As for the rising of more and more private enterprises at home, this official emphasized: We must allow factory directors of some private or nongovernmental enterprises to become capitalist. But there is no need to give publicity to this; let them develop their own experiences.

He also fully confirmed the contributions of entrepreneurs of private enterprises. He cited the example of a demobilized serviceman in Hainan. This serviceman runs a factory that makes use of waste materials to pro-

duce active carbon, employing more than 1,000 workers. He held that since this private entrepreneur could turn garbage into products, do his business legally, and create more than 1,000 jobs for society, it was good for him to do so.

This leader pointed out: At present, leading cadres at all levels must deepen their understanding of the importance of taking economic construction as a key link, which has been emphasized by the party's basic line. They must persist in doing so for 100 years, and never waver. If they waver, even 100 years are not enough.

This leader also said: We must break a new path in enterprise reform. In the course of hewing out our path, we must sum up experiences in a timely manner. We must correct those unsuccessful things. He also stated: Communists never say that they are immune from making mistakes. Once they make mistakes, they always correct them. They are allowed to make and correct mistakes. We need courage to take risks.

**PRC: Senior Officials Should Not Be Exempt From Public Commentary**

*96P30102A Beijing DUSHU in Chinese Dec 95  
No 12, p 155*

[Article by Shao Yanxiang (6730 3601 6116) is accompanied by a cartoon showing a bureaucrat walking away with a briefcase labeled "US \$10000,000, 1000,000,000 yuan," while several ordinary citizens who are gagged look on with clenched fists and angry faces.]

[FBIS Summary] In April it was reported that Chen Xitong had resigned due to his "unshirkable responsibility for Wang Baosheng." Later, in early June, it was reported that the Central Committee had decided to investigate Chen Xitong. Between these two reports, an essayist who was unaware of Chen's faults commented on the resignation. Even though the essay merely commented on the resignation and made no mention of Chen's faults, its publisher came under criticism. The old saying "senior officials are exempt from punishments" today has somehow been transformed into "senior officials are exempt from public commentary." If comments are not allowed to be made after an incident, commenting beforehand is of course out of the question. However, if comments were allowed from the start, such as in the case of Guizhou's First Lady when her corrupt "talents" were first revealed, then public criticism of her might have served as a warning and prevented her ultimate execution. Bai Juyi, the famous ancient poet who lived 1,200 years ago, was ahead of his time when he



wrote his epic poem "Chang Heng Ge" (Song of Everlasting Regrets) in which he criticized not senior officials but the Emperor. Had this poet been born 1,200 years later, he would never have been buried at the sacred site of Luoyang's Dragon Gate. The current lack of epic poems or ones similar to "Chang Heng Ge" is certainly not due to a lack of subjects.

**PRC: State Continues To Emphasize Modern Enterprise System**

*OW0602115296 Beijing XINHUA Domestic Service in Chinese 1059 GMT 1 Feb 96*

[By RENMIN RIBAO reporter Wang Qingxian (3769 3237 2009) and XINHUA reporter Wang Yanbin (3769 6066 1755)]

[FBIS Translated Text] Beijing, 1 Feb (XINHUA) — Efforts should be concentrated on carrying out an already-approved "plan for the implementation of pilot projects" to achieve essential breakthroughs in major and difficult problems in the establishment of a modern enterprise system. The State Commission for Restructuring Economy has raised the requirement for 30 pilot enterprises, which will be associated with it.

The State Commission for Restructuring Economy recently held a work meeting on how a modern enterprise system can be implemented in selected places. At the meeting, which ended today, Wu Bangguo, member of the CPC Central Committee Political Bureau and vice premier, held a discussion meeting with some of the participants.

The State Council decided to carry out pilot projects in 100 state-owned enterprises beginning in 1995. Among these, 30 enterprises were assigned to be associated with the State Commission for Restructuring Economy. A majority of these 30 enterprises have moved from the preparation stage to the implementation stage. However, there has been slow progress in carrying out the "plan to implement the pilot projects", with most enterprises still at the initial stage.

At the meeting, the State Commission for Restructuring Economy made it clear that during the implementation stage pilot enterprises should attain the following goal: Through carrying out the "plan to implement the pilot projects," they should establish an enterprise system and an operational mechanism that meet the requirements of the socialist market economy and turn them into legal entities and the mainstay of market competition characterized by independent management, responsible for their own profits and losses, and self-developing and self-regulating. Great efforts should be made to effect shifts in the following eight respects: Enterprises should change from being subsidiary bodies of a government

departments to mainstays of market competition; they should change their economic growth mode from extensive to intensive; they should change their relationship with the government from one in which they are administrative subsidiary bodies and authorized agencies to one in which the government is an investor and manager of society while enterprises are entities that accept investment and guidance; they should change the state-granted right to manage property into the right that a legal entity enjoys in accordance with the law regarding all corporate properties, including the capital provided by the investor; they should change from being only responsible to relevant administrative departments to being responsible to investors as well as creditors; they should change the system under which factory directors or managers are responsible into the administrative structure of company-type legal entities; they should change from being an entity that operates in accordance with the "enterprise law" to an entity that operates in accordance with the "company law;" and they should also change from an accounting system in which the source of funds is tantamount to the possession of funds [zi jin lai yuan deng yu zi jin zhan yong de kuai ji he suan ti xi 6327 6855 0171 3293 4583 0060 6327 6855 0594 3938 4104 2585 6060 2702 4615 7555 4762] to one that shows assets and liabilities as well as losses and profits.

A responsible State Commission for Restructuring Economy official emphatically said: Carrying out the "plan for the implementation of the pilot projects" represents a profound reform. It is necessary to achieve breakthroughs this year by "concentrating on the work and accelerating the pace" as required by the general outlines of the work. All localities should launch extensive campaigns to publicize and study the "plan for the implementation of the pilot projects" as well as train relevant personnel. All localities should mobilize the great masses of workers and relevant personnel to give active support to and help renovate the enterprise system. It is imperative to handle properly the relationship between reform, development, and stability. All pilot enterprises should study and explore concrete measures to solve major and difficult problems on a selective basis by following the unified plan for the implementation stage, and taking into consideration the actual situation at each individual enterprise.

**PRC: Trade Union Official Denounces Illegal Fees**  
*OW0202120396 Beijing XINHUA Domestic Service in Chinese 0751 GMT 26 Jan 96*

[By reporter Han Zhenjun (7281 2182 6511)]

[FBIS Translated Text] Beijing, 26 Jan (XINHUA) — During a recent interview with this reporter, the person

in charge of the legal affairs department of the All-China Federation of Trade Unions [ACFTU] said it is illegal when an employing unit collects "entrance fees" in any form from a worker upon establishing labor relations with this worker, and such practices should be corrected.

Recently, cases of employing units collecting "entrance fees" from workers have increased. These charges fall under a variety of names, such as risk deposits, factory entrance fees, training fees, fund-raising fees, production development funds, and others. These charges range from several hundred to tens of thousands of yuan. Workers refusing to pay these charges are denied of labor contracts or work assignments.

In view of such a situation, the person in charge of the ACFTU legal affairs department reiterated: The collection of "entrance fees" is an illegal act, no matter the form in which they are collected or whether they are to be returned to workers or not. As early as 4 March 1994, the Ministry of Labor, Ministry of Public Security, and ACFTU jointly issued the "Circular on Strengthening the Labor Management of Foreign-Invested Enterprises and Private Enterprises for Truly Protecting the Legitimate Rights and Interests of Staff and Workers," which clearly stipulates that "enterprises should not collect currency and objects from staff and workers as pledges for entering factories, nor should they detain or hold a staff or worker's identification card, temporary residence certificate, and other documents showing personal identity as pledges." The ensuing supplementary rules have included state-owned enterprises and collective-owned enterprises in this stipulation. On 2 July 1995, the Ministry of Labor and the State Economic and Trade Commission jointly issued a document stating that the "employing units' practice of collecting 'cash deposits for labor contracts,' and 'money lying in pledge for the use (contracting) of labor protection articles and production tools' should be checked" and that "employing units shall not force staff and workers to pay risk deposits or ask them to buy shares on the grounds of terminating labor relations."

This responsible person said: The aforementioned stipulations of relevant departments are fully supported by laws. After the promulgation of the "Labor Law of the People's Republic China," definite legal stipulations on signing labor contracts and the establishment of labor relations between employing units and staff and workers have become available. No unit should collect so-called "entrance fees" from staff and workers without authorization; that which has been collected should be returned to staff and workers themselves. Trade union organizations at all levels should strengthen supervision over collection of "entrance fees" by employing units

and protect the staff and workers' legitimate rights and interests according to law.

#### PRC: Number of Personal Computers Tops 3 Million

OW0602163096 Beijing XINHUA in English  
1606 GMT 6 Feb 96

[FBIS Transcribed Text] Beijing, February 6 (XINHUA) — Some 1.1 million personal computers [PC] were sold in China last year, putting the total number of PCs now in use in China at more than three million.

According to the Ministry of Electronics Industry, market demand for PCs has been surging since the beginning of last year, with most of the machines purchased by tax bureaus, banks, education institutions, distribution businesses, and customshouses.

Last year, some 479,000 Chinese-made personal computers were sold, representing a growth of 121 percent over the previous year.

About 20 percent of the PCs sold last year were purchased by families. Five percent of the families in Shanghai now own a PC, one of the highest rates in the nation.

#### PRC: Telecommunications Investment for 9th Plan Noted

HK0602092896 Hong Kong EASTERN EXPRESS  
in English 6 Feb 96 p 20

[By Ken Lo]

[PTS Transcribed Text for FBIS] The Ministry of Posts and Telecommunications (MPT), the industry regulator and operator, has unveiled its updated version of the ninth five year plan (1996-2000) for an overall fixed asset investment of 500bn [billion] renminbi (about HK\$465bn), according to CTC News, an official report covering China's telecommunications development.

The ministry set itself a grand target to achieve overall urban and rural switching capacity of 170 million lines by 2000, based on an additional instalment of 23.876 million lines in 1995.

The ministry also estimates the overall national telephone subscription to be 116 million lines by that time.

However, it said its ambitious plan for the development of the public telephone network still cannot keep pace with market demands, according to the report. The report said that in a bid to fulfil its ambitious goals, the ministry probably needs more in domestic and foreign capital than its planned Rmb300bn, because



some industry observers predict the overall switching capacity could reach about 200 million lines.

The ministry said one of its primary goals is to eliminate the long waiting list, particularly in urban areas, in five years time.

The report said the ministry has aimed to raise the national tele-density (number of lines per 100 people) to 10 per cent on a nationwide basis, and 30-40 per cent in urban areas during the five year period.

The capacity of long-distance switching and data communication are 6 million circuits and 500,000 terminals respectively.

Looking at the pace with which the ministry rolls out its network, overall post and telecommunications revenue is expected to grow at 20 per cent on an average annual basis, with Rmb240bn during the ninth five year period.

It should be pointed out that the ministry just states its own investment goals without taking the network development set by the second national operator, China United Telecommunications (Unicom), into account.

The present foreign capital input, which only accounts for about 17 per cent of the ministry's overall investment in telecoms, has to be raised to help China make up the capital shortage.

The ministry has adopted the synchronous digital hierarchy (SDH) technology as its base for present and future telecoms and information transmission networks.

The ministry projects to deploy more SDH technology to almost all established national fibre optic backbone lines.

About 23 new inter-provincial fibre optic trunk lines have been designed and are under construction.

#### **PRC: China North Industries Group To Boost Production**

*OW0602233996 Beijing ZHONGGUO XINWEN SHE in English 1231 GMT 6 Feb 96*

[FBIS Transcribed Text] Beijing, February 6 (CNS) — China North Industries Group, a leading China enterprise, will boost its industrial output value to RMB [Renninbi] 70 billion (about HK [Hong Kong]\$ 65 billion) during the present five year plan.

Playing an important role in China's defense industry, the group has developed into a large conglomerate specializing in technology, industry, trade and scientific research. It covers a variety of businesses and has a record of sound performance.

By the year 2000, its output of defense equipment will reach RMB 5 billion (HK\$ 4.65 billion) while

other products will return RMB 65 billion (HK\$ 60.38 billion).

Annual growth will be maintained at an average of over 20 percent. The industrial giant has set itself certain goals including RMB 80 billion (HK\$ 74.32 billion) in sales revenues, profit taxes contributed between RMB 5 and 8 billion (HK\$ 4.65 to 7.43 billion) as well as over RMB 17 billion (HK\$ 15.79 billion) in industrial added value. Tertiary sector returns to the conglomerate is earmarked for between RMB 8 and 10 billion (HK\$ 7.43 to 9.29 billion).

By the year 2000, the group will strive to gain a place among the world's 500 leading companies and realize gross sales revenues of RMB 240 billion (HK\$ 222.96 billion) by the year 2010, thereby establishing the group as one of the world's top 100 conglomerates.

By that time the group will have emerged as an international company whose influence will be felt at home and abroad.

The conglomerate has set a number concrete goals for the current five-year period.

—It will set up four to five large business groups each with sales of over RMB 10 billion (HK\$ 9.29 billion) and profit taxes paid of over RMB 1 billion (HK\$ 929 million).

These groups will include Chang'an Automobile Group, a heavy duty vehicle group and the North Comprehensive Commercial Group. Meanwhile two motorcycle groups under the leadership of the conglomerate will be further developed.

—Eight enterprise groups will be established each having sales of over RMB 1 billion (HK\$ 929 million) and profit taxes paid in excess of RMB 100 million (HK\$ 92.9 million).

—The conglomerate will operate 15 new enterprises that specialize in automobile components and spare parts as well as chemicals. Each of these enterprises will have sales of between RMB 500 million and 1 billion (HK\$ 464.5 and 929 million) with profit taxes paid by each exceeding RMB 50 million (HK\$ 46.45 million).

#### **Finance & Banking**

##### **PRC: Official Discusses Foreign Exchange Control Regulation**

*OW0702135296 Beijing ZHONGGUO XINWEN SHE in Chinese 1235 GMT 5 Feb 96*

[By reporter Yu Donghui (0060 2639 2547)]

[FBIS Translated Text] Beijing, 5 Feb (ZXS) — Beginning 1 April, China will carry out a new regulation on



foreign exchange controls. On 5 February, a responsible person of the State Administration of Exchange Control [SAEC] answered some questions raised by reporters.

**Question:** What are the principles behind China's decision to formulate this regulation?

**Answer:** First, to meet the needs of a socialist marked economy. The basic point of the regulation is that China allows conditional convertibility of local currency renminbi under current account. Second, to realize a shift in the control of foreign exchange from a mostly direct one to an indirect one. Third, to integrate unification with flexibility.

**Question:** What is the scope of the regulation's application?

**Answer:** The scope of the regulation's application includes the incomes and expenses of organizations and individuals inside the territory of China, foreign organizations in China, and foreign personnel who come to China, or the foreign exchange business. What should be particularly noted is this: The term "foreign exchange" does not only pertain to "foreign currencies." It also covers all other means and assets that can be used as payment for international settlement, including foreign currency payment instruments, foreign currency marketable securities, special drawing rights, and Euro-currency. The regulation can not be applied to bonded zones, border trade, and trade between border residents.

**Question:** What is the principle for the control of foreign exchange revenue and current account expenditures?

**Answer:** In terms of controlling foreign exchange revenue and current account expenditures, the regulation stipulates that conditional convertibility reflects the principle of a conditional convertibility. Under the regulations governing foreign exchange settlement, there is basically no restriction on trade-oriented foreign exchange revenue and expenditures. Foreign exchange payments of a non-trade and non-business nature is still subject to some restrictions.

**Question:** What is the idea behind controlling foreign exchange revenues and capital account expenditures?

**Answer:** As far as foreign exchange revenue and capital account expenditures are concerned, strict control shall be exercised. It is an international practice to relax control on foreign exchange under current account before gradually relaxing the control of foreign exchange under capital account. In view of China's current situation, if we do not strictly control the foreign exchange under capital account, it might sneak into the foreign exchange revenue and current account expenditures, leading to an inflow and outflow of large amounts of capital and, in

turn, create great impacts on domestic markets and affecting stable and healthy economic development.

**Question:** How does the regulation address the remittance of profit, dividend, and interest earnings from foreign-funded enterprises and foreign investors?

**Answer:** The remittance of profit, dividend, and interest earnings from foreign investors falls under the category of foreign exchange expenditures under current account. There is no need for the SAEC's approval to send such remittances. Foreign investors can remit profit, dividend, and interest earnings outside China from their foreign exchange accounts by showing a profit distribution agreement approved by the board of directors and other relevant documents or convert their renminbi earnings into hard currency in designated banks.

**Question:** How does the regulation address the foreign exchange carried by individuals travelling abroad for personal reasons?

**Answer:** For individuals travelling abroad for personal reasons, such as visiting relatives, taking up residence, going on a pilgrimage, or studying abroad at one's own expense, the regulation stipulates that they can purchase foreign exchange at a set amount from designated foreign exchange banks. Those who wish to purchase foreign exchange exceeding a set amount can apply to the SAEC for permission to purchase foreign exchange with an approved document from the designated foreign exchange banks.

**Question:** How does the regulation address the foreign exchange business?

**Answer:** There are two principles: First, banking institutions should get a permission license from the SAEC for engaging in the foreign exchange business. The approved banking institutions should operate their business within the scope as allowed by the license. Second, besides the approved banking institutions, no units or individuals are allowed to operate in the foreign exchange business.

**PRC: Analysis of 1995 Reduction in Money Supply**  
OW0602150896 Beijing XINHUA Domestic Service  
in Chinese 0306 GMT 28 Jan 96

[By XINHUA reporter Ding Jianming (0002 1017 6900): "News Analysis: Why Less Money Was Put Into Circulation Last Year"]

[FBIS Translated Text] Beijing, 28 Jan (XINHUA) — One of the figures in last year's Chinese monetary sector statistics that attracted the greatest attention was the large margin by which the amount of money put into circulation was cut. According to statistics from the

People's Bank of China, the volume of net cash put into circulation across the country last year was 60 billion yuan, 82 billion yuan less than the previous year. The growth rate of net input was only 8.2 percent.

It is learned that the volume of cash put into circulation in China last year was the least since 1992 and the annual growth rate of input was the smallest since the beginning of reform and opening up to the outside world. In the three years before 1995, the annual volume of net cash put into circulation exceeded 100 billion yuan each year. In 1992, it was 115.9 billion yuan, in 1993, it was 152.8 billion yuan, and in 1994, it was 142.4 billion yuan.

Why was the volume of money put into circulation last year reduced by a big margin following large input volumes in three successive years?

According to analysis, the most fundamental reason why the input of cash was much better controlled in China last year was that a series of measures adopted by the state in the past two years to strengthen macro readjustment and control have gradually started to produce effects. In particular, since last year, an appropriately tight financial and monetary policy has been implemented, the credit scale has been put under strict control, the scale of investment in fixed assets has been put under strict control, and the growth in the consumption of funds has been put under strict control, thus enabling the operation of the national economy to gradually become more steady. According to statistics, the investment everywhere in fixed assets in 1995 was 19 percent more than in the previous year and the rate of growth was 12 percentage points less than the previous year, a year of already greatly reduced growth. The momentum of high-speed growth in the consumption of funds was also curbed. The volume of cash put into circulation is closely related to the growth in investment in fixed assets and in the consumption of funds. Last year, the speed of growth in investment in fixed assets was reduced by a big margin and the momentum of the growth in the consumption funds was curbed. This created conditions for controlling the input of cash over the whole year.

Another important cause of the reduction in money in China last year was the draining of currency from circulation by commodities and credit. According to statistics, the gross retail consumer goods sales volume for the whole of society in 1995 exceeded 2,000 billion yuan, 28.3 percent over the previous year. After allowing for price rises, the growth was still 11.8 percent. The development of the service industry was also quite rapid. A brisk market and a flourishing service industry drained a large quantity of currency from circulation.

Moreover, the state regarded curbing inflation as the most important task in the year's economic work. In addition, the value of long-term savings deposits was preserved and residents' confidence in the control of commodity prices by the government increased. Not many people, therefore, keep their cash ready for purchase. After putting aside money for normal spending in daily life, residents put most of their income in banks. According to statistics, bank savings of urban and rural residents last year increased by more than 810 billion yuan.

The issue and use of a large quantity of credit cards in recent years, and the gradual development by banks of the business of issuing wages for various organizations have also reduced part of the cash in circulation.

Monetary workers held that the reduced input of cash for circulation in China last year fully shows that a series of measures for macro regulation and control adopted by the state are correct and that the central bank has made remarkable achievements in implementing an appropriately tight monetary policy.

At the same time, some monetary specialists pointed out that although the volume of money put into circulation in China last year was much less than the previous year, it did not mean the central bank excessively tightened the money in circulation because 60 billion yuan of cash was put in last year on the basis of a total input of more than 410 billion yuan from 1992 to 1994. In assessing whether money is tight or easy, we cannot just look at the cash in circulation, but we should finally look at the volume of broad money supply. Last year, new loans of all monetary organizations reached 934 billion yuan, an increase of 23 percent; the volume of broad money supply was 29.5 percent more than the previous year and the increase in retail commodity prices still reached as high as 14.8 percent. All this shows that the gross volume of money supply was still too much. Therefore, an appropriately tight monetary policy will continue to be implemented this year.

#### PRC: CSRC To Ban Unfair Competition in Underwriting Stocks

OW0702033096 Beijing XINHUA in English  
0230 GMT 7 Feb 96

[FBIS Transcribed Text] Beijing, February 7 (XINHUA) — China's securities watchdog has vowed to disqualify securities firms which act unfairly when underwriting stocks.

"Unfair competition has been discovered recently in underwriting stocks," said an official with the China Securities Regulatory Commission (CSRC).



"To reap high underwriting fees, some securities firms have encouraged public companies to float stocks at a unusually high premium," he said.

"To obtain underwriting rights, others have not charged underwriting fees, have offered special considerations to officials of the underwritten companies, or resorted to administrative intervention and belittling other securities firms.

"These actions are not in accordance with the principles of risk control and violate the relevant regulations and rules."

The CSRC has recently issued a notice to get rid of such unfair competition, the official said.

The CSRC will suspend underwriting rights of securities firms with irregular actions, and will turn down applications from the firms involved to issue stocks, according to the notice.

The notice is aimed at maintaining market order, promoting stable development and protecting investors' interests as well as improving public firms' self-regulation and standardizing underwriting firms' operations, said the official.

#### PRC: Domestic, Foreign Firms To Pay Deed, Land Use Taxes

HK0602062796 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 4-10 Feb 96 pp 1, 3

[By Tong Ting: "Tax Reform Levels Playing Field"]

[PTS Transcribed Text for FBIS] China will levy deed tax and cultivated-land use tax on both domestic and foreign enterprises and individuals, taking a step towards fair taxation and national treatment, said a senior official with the Ministry of Finance.

"We are revising the policies on the two taxes and have reported to the State Council," said Wang Zheng, deputy director of the Taxation Policy Department under the ministry.

The deed tax is collected on the transfer of land use rights and house ownership. Only foreign-funded enterprises and self-employed people need to pay such tax, while State-owned firms are exempt.

He said that after the adjustment all enterprises will be subject to the deed tax.

Ever since foreign-funded enterprises started to enter China in 1979, they have been required to pay deed tax. Though it is a very small tax item with revenue reaching less than 1 billion yuan (\$120 million) every year, its adjustment is very meaningful because it marks a step

toward leveling the treatment of domestic and foreign firms.

Payment of deed tax could serve as proof of property rights and thereby protect the rights of the users of houses or land — taxpayers.

The government also can supervise and manage the trading of land or house by levying such tax.

The tax also contributes to State coffers, mainly the local governments' income to support their activities.

Wang said the cultivated-land use tax, which had been imposed only on State-owned enterprises, will be revised to be levied also on foreign-funded firms.

The tax appeared in 1987 and is aimed at protecting arable farmland.

"It is not fair to the State enterprises," Wang said. "We will expand the taxpayers to foreign-funded firms."

Meanwhile, the cultivated-land use tax rate will be revised according to the rising price in order to intensify the protection of land use, he said.

Arable land loss has become an acute problem in China in the last few years as economic development has taken off. Much of the arable land has been lost to industrial development and urban sprawl.

So far, the amount of wasteland caused by human activity totals more than 13 million hectares. Of that amount, 60-70 per cent used to be well-cultivated land, but only some 533,000 hectares or 4 per cent of the total has been recovered, according to the latest official statistics.

#### PRC: State To Broaden B Share Basis

OW0502143896 Beijing XINHUA in English  
0725 GMT 5 Feb 96

[FBIS Transcribed Text] Beijing, February 5 (XINHUA) — China will allow more cities and regions to issue B shares this year as an important step to revitalize the lackluster B share market.

Chairman of the China Securities Regulatory Commission Zhou Daojing said that the securities authorities will select a group of enterprises on a nationwide basis to issue B shares in 1996 to promote the expansion of B share market.

These would-be B share issuers are primarily large efficient firms in basic industries such as energy, transportation, telecommunications and key raw materials, Zhou told a seminar on the development of the B share market which was convened in southwest China's Kunming



City, noting that firms engaging in new and hi-tech industries are also favorite prospective issuers.

B shares, denominated in yuan but traded in US dollars, are designed for overseas investors. So far, the issuers have been limited to firms in Shanghai and Shenzhen, and number 70 at present.

By the end of 1995 China had issued 6.43 billion yuan-worth of B shares, raising a total of 3.01 billion US dollars.

However, trading in B shares has been sluggish, with the B share indices on the Shanghai and Shenzhen bourses lingering around 52 points and 555 points.

Zhou blamed the restraint in issuance location as a major obstacle to the market's developing toward a standardized and efficient one of considerable scale.

He also said that problems in information disclosure, and the managerial and accounting systems of B share issuers have dampened the enthusiasm of overseas investors.

While expanding B share issuance, China should strengthen supervision so that the market can grow to maturity in a steady and assured way.

**PRC: Construction Bank Offers Quake Aid To Yunnan**

OW0602081496 Beijing XINHUA in English  
0749 GMT 6 Feb 96

[FBIS Transcribed Text] Kunming, February 6 (XINHUA) — The People's Construction Bank of China (PCBC) has donated 1.6 million yuan (about 200,000 US dollars) to the quake-stricken areas in Yunnan Province in southwest China.

Lijiang and Zhongdian counties in the province were rocked by an earthquake measuring 7.0 on the Richter Scale last Saturday evening, killing more than 200 people and leaving thousands injured.

PCBC's branch agencies in these areas were reportedly seriously damaged and bank clerks were injured.

In an urgent telegram to the PCBC's Yunnan office, the bank's leading officials expressed their concern and condolences to the local people, and urged the PCBC local branches to overcome difficulties and resume business as soon as possible.

The PCBC Yunnan office has sent a work group to join in the relief work in the quake-hit areas.

**PRC: Shanghai Leaders Meet With Banking Officials**

OW0102145196 Shanghai People's Radio Network  
in Mandarin 2300 GMT 28 Jan 96

[From the "990 Morning News" program]

[Text] Shanghai Municipal CPC Committee Secretary Huang Ju, and Shanghai Mayor Kuangdi and Vice Mayor Hua Jianmin had discussions with Shanghai's bankers and financiers on Shanghai's new development plans at a cordial meeting which took place at Pudong New District's Financial Building yesterday (28 January).

After listening to their briefing, Huang Ju, speaking on behalf of the Shanghai municipal party committee and the municipal government, thanked the bankers and financiers. Huang Ju said: This year is the first year of the Ninth Five-Year Plan. It is hoped that you will act as the forerunners in this endeavor and continue to serve Shanghai's economic construction and its reform and opening up projects.

Huang Ju said: The municipal party committee and the municipal government have given you the assignments of reforming the financial system and supporting economic construction. I hope you will continue your good work and make new contributions in this regard.

Mayor Xu Kuangdi urged the bankers and financiers to continue to take the lead in supporting Shanghai's economic construction and its reform and opening up projects, and serve Shanghai's economic development as the circulation system does a man's body. Xu Kuangdi also urged the bankers and financiers to continue to act as pacesetters in Shanghai's reform and opening up projects, and take the lead in replacing the planned economic management system with the socialist market economic management system, in changing commercial banks' operating mechanisms, and in exercising effective management of the markets, capital, and customers at home and abroad.

**PRC: Shenzhen SEZ To Encourage Entry of Foreign Banks**

OW0602101696 Beijing XINHUA in English  
0801 GMT 6 Feb 96

[FBIS Transcribed Text] Shenzhen, February 6 (XINHUA) — The Shenzhen Special Economic Zone (SEZ) will open its banking industry still wider to the outside world and encourage foreign banks to open offices in the city over the next five years, according to local officials.

Meanwhile, Sino-foreign co-operative banks, joint fund companies, joint investment companies and joint insurance companies will be set up in Shenzhen, an official of the Shenzhen Branch of the People's Bank of China said.

Flexible policies are being pursued in Shenzhen bordering on Hong Kong to encourage investors from Hong Kong, Macao and overseas.

According to Vice-Mayor Wu Jiesi, during the 1996-2000 period Shenzhen will invest a total of 180 billion yuan on urban construction, transportation, power industry and the manufacturing industry, averaging 36 billion yuan a year.

He invited foreign banks to become involved in this investment program.

The official said that foreign-funded banks in Shenzhen are operating successfully, with their profits totaling 56.55 million US dollars in 1995, up 68 percent from the previous year.

"Foreign banks are eager to invest in the Shenzhen Special Economic Zone," he said.

By the end of 1995, foreign banks had extended loans to the zone, totalling three billion dollars, up 25 percent over the 1994 figure. Their savings deposits reached 700 million dollars at the end of 1995.

Shenzhen currently has 24 branches of banks in Britain, France, Germany, Japan, the Netherlands, Singapore and the United States. Twenty-four foreign financial institutions have opened representative offices in Shenzhen.

The official said that the banking industry has become the most important component of Shenzhen's service sector, contributing ten percent to the city's gross domestic product (the value of goods and services produced) and 40 percent to the output value of the city's service sector.

Frank Lam, president of the Shenzhen Branch of the Shenzhen ING Bank of the Netherlands, said that Shenzhen has introduced the "most perfect" banking system in China.

Lam, who resides in Hong Kong, said: "I believe that Shenzhen enjoys bright prospects in adapting its financial market to the global financial market."

He explained that Shenzhen enjoys a unique advantage in opening its banking industry to the outside world because business and personnel exchanges between it and Hong Kong are so convenient.

He said that an export-oriented economy has become the driving force behind the opening of Shenzhen's banking industry.

Demand from Shenzhen-based enterprises and institutions for international financial business, such as raising money for trade has been growing rapidly, thus providing vast scope for foreign banks to expand their business, he said.

Foreign-funded banks now handle 30 percent to 40 percent of international banking business related to China's trade with the rest of the world, he said.

They pay close attention to extending long-term loans to projects with good market prospects, he said, adding that they co-operate with Chinese banks in extending such loans.

For example, in June 1995, his branch and the Shenzhen Branch of the People's Construction Bank of China jointly organized a consortium of Chinese and foreign banks. The consortium extended a 30 million US dollar loan to a project for production of ultra-thin glass undertaken by Shenzhen's Nanbo Company.

To date, the Shenzhen branch of the Bank of China has organized nine consortiums of foreign banks, which have extended a total of 500 million dollars to key construction projects in Shenzhen.

Allen K.H. Chow, president of the Shenzhen Branch of the Shanghai and Hong Kong Banking Corporation, said, "My bank's business has been expanding with the increasing prosperity of the Shenzhen Special Economic Zone."

The branch is now handling business in such sectors as real estate, trade, hotels and manufacturing, he said.

#### PRC: Wuhan Becomes Regional Fund-Raising Center

OW0702030096 Beijing XINHUA in English  
0139 GMT 7 Feb 96

[FBIS Transcribed Text] Wuhan, February 7 (XINHUA) — This capital of central China's Hubei Province has become the country's most influential regional fund-raising center.

In 1995, the Wuhan Finance Center raised more than 30 billion yuan in funds, bringing the total to more than 100 billion yuan over the past 10 years.

"Transactions are frequent, turnover is small, and the terms are short," Li Hong, a Center official, said in describing the operations at the Center.



During the 270 operational days in 1995, the Center handled about 11 deals each day with a turnover valued at 100 million yuan.

Founded as an inter-bank lending center in 1986, the Center has established business relations with more than 500 financial institutions from about 30 provinces, municipalities and autonomous regions.

It also has potential for further development because Wuhan's dramatic economic growth has spurred demand for capital, commercialized state banks are willing to lend surplus capital, and the Center has standard management and friendly service, Li pointed out.

**PRC: New Tariff Cuts Set for Electronic Goods**  
*HK0702033296 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 6 Feb 96 p 1*

[By staff reporters]

[PTS Transcribed Text for FBIS] China yesterday announced further cuts in tariffs for more electronic goods, bringing the mainland a little closer to satisfying entry requirements for the World Trade Organisation (WTO).

The reduction was relatively lower in percentage points compared to tariff cuts previously announced.

Observers noted that products which the mainland was able to develop fully, including television broadcast equipment, received a bigger tariff cut from the old rate of 50 per cent of the import price to 15 per cent.

The new tariffs to take effect in April this year apply to electronic goods such as colour television sets, radios and video recorders.

Hong Kong Electronics Association executive director Charles Chapman said the territory's manufacturers stood to benefit mostly from cuts to tariffs on electronic components.

He said this was because lower production costs involving imported components would allow association member products to be more competitive on the mainland market.

Mr Chapman cited cathode tubes as an example.

"China's manufacturing capacity for television sets last year was three million units but its cathode tube production capacity was only 1.5 million units with the remaining to be imported," he said.

Japanese electronics manufacturer Sony Corporation welcomed the lower tariffs announced.

A spokesman in Tokyo said the corporation hoped the trend towards the easing of market restrictions by the Chinese government continued.

"Since the tariffs also affect components, the subsequent price reduction in imported parts is an advantage for companies such as Sony," he said.

Mr Chapman said the bigger tariff cut in electronic components against finished electronic products would boost the development of China's electronics industry.

He said the lower tariffs would not result in a simultaneous decrease in retail prices. The list of new tariffs was published in the International Business newspaper, bringing the number of new tariffs announced so far to 4,106.

China has gradually announced tariff cuts in response to a pledge made by Chinese president Jiang Zemin last year.

**PRC: Jilin 'Boom' Area for European, American Firms**

*OW0702033196 Beijing XINHUA in English 0218 GMT 7 Feb 96*

[FBIS Transcribed Text] Changchun, January 7 (XINHUA) — China's north east Jilin Province has become a boom area for American and European companies.

For the first time direct investment from the U.S. and Europe has topped that from Hong Kong, Macao, and Taiwan.

Li Jieche, director of the province's Merchant Inviting Bureau, said that new investment from developed countries in Europe and North America topped 304 million US dollars, accounting for 40 percent of the province's total foreign investment last year.

Investment from Hong Kong, Macao, and Taiwan, dropped 15 percent from 52 percent in 1994 to 37 percent last year.

The province's rise in European and American investment comes in the wake of a boost from many world-known multinationals.

Big companies such as Siemens, Daewoo, and the American car giant Ford have all invested in projects in Jilin Province.

The multinationals' investment scale is much bigger than that of companies from Hong Kong, Macao, and Taiwan.

Last year, the province gave the go-ahead to 41 technology-intensive projects each with 10 million dollars-plus in foreign investment. These schemes alone



accounted for about 43 percent of the province's total foreign investment.

Data also shows that the province attracted about 50 million dollars worth of foreign investment in agriculture, up two percent from the previous year, and about 600 million dollars of foreign investment in industry.

#### **PRC: Official Cites Projected Foreign Investment Figures**

*OW0202154096 Beijing XINHUA in English  
1441 GMT 2 Feb 96*

[FBIS Transcribed Text] Kunming, February 2 (XINHUA) — China plans to use more than 30 billion US dollars of direct foreign investment in each of the coming years, an official with the China Association of Foreign-Funded Enterprises said here today.

China approved the establishment of 37,000 foreign-funded enterprises. It actually used 37.7 billion US dollars of foreign investment in 1995, up 11 percent from the previous year.

According to a meeting held by the association in this capital city of southwest China's Yunnan Province, some 130,000 foreign enterprises have started businesses in China, most of which have made profits.

In 1995 foreign-funded enterprises nationwide scored a gross total foreign trade volume of 109.8 billion US dollars-worth, accounting for 39.1 percent of the country's total.

He said that China encourages foreign businessmen to engage in key construction projects and the transformation of the existing enterprises.

#### **PRC: Foreign Trade Figures for Overseas Firms Cited**

*OW0202134396 Beijing ZHONGGUO XINWEN SHE  
in English 1205 GMT 2 Feb 96*

[FBIS Transcribed Text] Beijing, February 2 (CNS) — Foreign trade by foreign businesses in China increased by 25.3 percent in 1995 to US\$ 109.82 billion, according to China's General Administration of Customs.

These foreign businesses include joint ventures, foreign funded enterprises and Sino-overseas cooperation projects that are based in the mainland.

Statistics, released today by the Administration, reveal that foreign trade by these firms accounted for 39.1 percent of the national total in 1995, 2.1 percent higher than in the previous year. This had contributed significantly to the nation's development of its foreign trade.

Last year, foreign trade by joint ventures led the way and topped US\$ 57.5 billion, while wholly owned foreign firms traded over US\$ 36.5 billion in 1995, a rise of 45 percent over 1994.

Of the foreign trade undertaken by overseas firms in China the processing trade accounted for 70 percent, of which US\$ 42.05 billion was in exports and US\$ 37.07 billion in imports. The import-export ratio was 1 to 1.13, lower than the national average.

This ratio shows that the increase of value through processing undertaken by these firms is lower than that of state owned enterprises. Experts say that one of the main reasons for this is that some foreign businessmen bought high and sold low in foreign trade in order to transfer profits.

#### **PRC: Foreign Loans Used To Develop Basic Industries**

*OW0702040596 Beijing XINHUA in English  
0354 GMT 7 Feb 96*

[FBIS Transcribed Text] Beijing, February 7 (XINHUA) — China has used 17.2 billion US dollars in foreign government loans for basic industries since 1979, according to an official with the State Planning Commission.

He said that the loans have been used in sectors such as transportation, energy, raw materials, telecommunications, urban construction, environmental protection, textiles and agriculture.

Loans extended by the World Bank and the Asian Development Bank account for half of the central government's investment in agriculture, he said.

Every province-level area except the Tibet Autonomous Region has agricultural projects funded by World Bank loans, the official said.

He added that China has also used overseas commercial loans to aid the development of industries such as petroleum, power, chemicals, nonferrous metals and chemical fibers and a number of export-oriented projects in the machine-building, electronics and textile industries.

Foreign loans have speeded up the undertaking of top-priority projects, including the Shanghai-based Baoshan Iron and Steel Complex, the Ningguo Cement Plant in Anhui Province and the Qilu Fertilizer Plant in Shandong Province.

Such loans have also assisted the introduction of advanced technology and equipment into the Daya Bay Nuclear Power Station in Guangdong Province and dozens of other hydroelectric stations and thermal power plants.

Foreign loans have also been used to finance the construction of almost all the large sea ports, eight modern airports, nearly all top-grade highways, thousands of km of railways and the laying of optical fiber cable.

Meanwhile, China has been doing its best to draw on advanced foreign managerial expertise and financial services, the official said.

International practices have been adopted for many projects involving the use of foreign loans. For example, banks, investment companies and construction companies are now serving as financial advisers to the Shanghai Subway Company, he added.

The governments of Italy, Denmark, Austria, Switzerland and the Netherlands have lowered the interest rates of loans respectively. World Bank and the Asian Development Bank official have praised China for its efficiency in using their loans.

Since 1979 China has forged long-term large-scale loan co-operation relations with international financial institutions including the World Bank and the Asian Development Bank.

It has also established bilateral loaning relations with 20 developed countries such as Japan, France and Germany. It has expanded various kinds of commercial loan businesses together with dozens of foreign financial institutions, such as the issue of hard currency bonds and loans extended by consortia.

**PRC: New Cyrix CPU Enters Chinese Market**

*OW0702101896 Beijing XINHUA in English*  
*0948 GMT 7 Feb 96*

[FBIS Transcribed Text] Shanghai, February 7 (XINHUA) — The latest and fastest computer program unit in the world has entered the Chinese market.

The Cyrix Corporation of the United States, a newly-emerged promising producer of central processing units (CPU), has developed the 6X86CPU. The units act like the heart of a computer - determining its power and strength.

The domestic CPU market has long been dominated by the Intel Corporation of the United States, which has met fierce challenges from such CPU producers as Cyrix and ADM.

The newly-developed CPU will be tried on computers in large Chinese computer firms such as "Legend" and the "Great Wall" later this month.

World-renowned computer giants, including, AST, ACER, ECS, NEC and ASUS have already adopted the latest CPU.

**PRC: Motorola Technology Adopted as Paging Protocol**

*OW0702112296 Beijing XINHUA in English*  
*1106 GMT 7 Feb 96*

[FBIS Transcribed Text] Beijing, February 7 (XINHUA) — China's Ministry of Posts and Telecommunications (MPT) has recently decided to adopt Motorola's high-speed Paging technology as China's national high-speed paging protocol.

The move is aimed at moving the country's telecommunications industry closer to becoming a significant part of the global telecommunications network. MPT is striving to develop a new generation of paging systems and services for China that are based on the FLEX-tm technology.

According to a memo of understanding between MPT and Motorola, which was announced today, Motorola will cooperate with MPT to regulate China's high-speed paging network, develop relevant products and provide training programs to guarantee the successful transfer of Motorola's advanced technology FLEX-tm. Part of this promise has been fulfilled with Motorola's recent establishment of a joint venture in Shanghai to produce FLEX-tm protocol pagers, signifying a total investment of 12 million U.S. dollars.

FLEX-tm is a wireless paging protocol with highly advanced features, including increased transmission speed and capacity, stronger anti-interference capabilities, improved battery life and lower cost-per-user of any paging code. Motorola is one of the world's leading providers of wireless communications.

**PRC: Shanghai To Expand Use of Foreign Investment**

*OW0202142996 Beijing XINHUA in English*  
*1417 GMT 2 Feb 96*

[FBIS Transcribed Text] Shanghai, February 2 (XINHUA) — This economic center of China plans to introduce foreign investment to wider fields.

"Multinationals will be invited to invest in projects which are large, export-oriented, technology-intensive and with high efficiency," Mayor Xu Kuangdi today told a conference on the outlines of the city's development in the next five to 15 years.

The service sectors, including finance, insurance, commerce, trade and tourism, will benefit from foreign capital, which will be used to build commercial housing targeted at domestic consumers.



He urged the city to improve the investment environment to "host more China headquarters of leading international conglomerates and banks".

To widen channels for using foreign capital, Xu cited such methods as BOT (building, operating and transferring property rights), transferring franchised operating rights in infrastructure, using overseas mutual funds, issuing more B shares which are targeted at foreign investors, and listing more enterprises on foreign stock exchanges.

In another development, Vice-Mayor Meng Jianzhu told the conference that Shanghai received 22.73 billion yuan in fiscal revenues last year, a rise of 29.6 percent.

"It was our best fiscal year during the Eighth Five-Year Plan (1990-1995)," Meng said.

The service sector and six pillar industries accounted for 81 percent of the revenues, up 18 percentage points, domestic individual income tax jumped 103 percent to 880 million yuan, and foreign citizens' individual income tax surged 69 percent to 570 million yuan.

Meanwhile, district and county governments opened new revenue sources, improving their revenues by 40.3 percent. The Pudong New Area's revenues jumped by 51.5 percent to 2.35 billion yuan.

**PRC: Sony Building Color TV Plant in Shanghai**  
*OW0202164196 Beijing XINHUA in English*  
1537 GMT 2 Feb 96

[FBIS Transcribed Text] Beijing, February 2 (XINHUA) — Construction of China's largest production base for color television sets started recently in Shanghai, China's leading industrial city.

The establishment of the base, named the Shanghai Suoguang Television Co., Ltd, involves 410 million US dollars of investment, and is jointly sponsored by Japan's Sony Corporation and two local electronics companies.

Importing Sony's technology and equipment, the joint venture has an annual production capacity of three million color television sets and three million sets of related equipment. It is expected to generate an output value of two billion US dollars, and some 70 percent of the products will be sold abroad.

The products of the venture are expected to reach a localization rate of 50 percent in the fourth year after it starts production.

**PRC: Gansu Using Foreign Loans To Improve Infrastructure**

*OW0402135896 Beijing XINHUA in English*  
0716 GMT 4 Feb 96

[FBIS Transcribed Text] Lanzhou, February 4 (XINHUA) — Northwest China's Gansu Province is striving to use more foreign capital to improve its infrastructure facilities.

The province has set up 36 projects with 443.6 million US dollars of loans from governments of ten countries since 1990.

These projects were involved in telecommunications, water and gas supply facilities, and waste water treatment plants as well as the upgrading of the old industrial enterprises.

A survey showed that Gansu had approved 61 contracts on importing advanced technology and equipment worth of 74.03 million US dollars in the 1991-95 period.

**PRC: Hubei Governor Reports on Attracting Foreign Capital**

*OW0502043996 Beijing XINHUA in English*  
0237 GMT 5 Feb 96

[FBIS Transcribed Text] Wuhan, February 5 (XINHUA) — Central China's Hubei Province is working hard to attract nine billion U.S. dollars in foreign investment in the coming five years for the construction of infrastructure, and the upgrading of state-owned enterprises and backbone industries, said a senior official.

Jiang Zhuping, governor of the province, told a conference on using foreign investment that of the total foreign investment, 2.5 billion U.S. dollars will be in foreign loans and 6.5 billion U.S. dollars will be in direct foreign investment.

Jiang said he was optimistic about meeting the goals as Hubei is located in a strategic position joining east China with other interior provinces, and its capital, Wuhan, has been designated by the State Council as an open city along with another two cities in the province, namely Huangshi and Yichang.

Meanwhile, the province is home to a major iron and steel giant, an automobile production base and the gigantic Three Gorges Project, which can provide foreign investors with vast investment opportunities.

According to official sources, the province turned out over 200 billion yuan in industrial output value in 1995, up nearly 20 percent over the previous year. In the past ten years or so it has used nearly 1.3 billion U.S. dollars in foreign loans for the construction of more than 90



projects in such sectors as energy, communications and raw materials production.

**PRC: Shanghai To Host International Chamber of Commerce**

HK0702082696 Beijing CHINA DAILY in English  
7 Feb 96 p 5

[By Xiao Gao: "China to Host 32nd ICC Forum"]

[PTS Transcribed Text for FBIS] The China committee of the International Chamber of Commerce (ICC) will sponsor the 32nd ICC conference in Shanghai next year to promote co-operation between Chinese economic and trade sections and international businesses.

This was revealed yesterday at the first executive board meeting of Beijing-based ICC China, which was formally admitted into the ICC in August 1994.

"China will display at the coming ICC conference its determination of acceding the world's commercial organizations and making all sectors match international practices," said Liu Fugui, secretary-general of the ICC China.

A worldwide non-government business organization, ICC engages in promoting the free flow of commodities, services, technology and capital.

It holds a comprehensive conference every three years.

According to Liu, ICC Secretary-General Jean-Charles Rouher expressed his hope last May that the China committee could sponsor the ICC '97 conference in Shanghai although China is a newcomer to the commercial body.

"It indicated that the ICC attaches great importance to the prospect of China's reform and opening up," Liu said.

He said the State Council approved the conference and ICC China decided to sponsor the meeting in April 1997.

The secretariat of ICC China located in the China Council for the Promotion of International Trade (CCPIT), has put the preparation for the conference on top of its agenda this year.

Since its foundation, ICC China has established four specialized committees on international business practices, banking technologies and institutions, competition regulations and industries as well as arbitration.

Liu said that last year, these committee participated in conferences of their counter parts in ICC.

To expand its contacts with the ICC, Liu said ICC China plans to set up more specialized committees this year, such as a transport committee.

He said ICC China will also engage in studying problems which domestic enterprises may encounter when conducting international trade.

It will help create more opportunities for domestic firms to take part in international commercial activities.

ICC China is made up of 171 founding members in such sectors as trade, industries, finance and transport. The members include the CCPIT, the All China Federation of Industry and Commerce, the Bank of China, China National Instruments, the Qingdao Brewery and the China Huaneng Group Corp.

**\*PRC: MOFTEC on Improving Foreign Investment Policy**

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**[FBIS Translated Text] I. Basic Characteristics of China's Current Use of Foreign Capital**

Generally speaking, China is making good use of the foreign capital it absorbs. The reform measures introduced in 1994 have promoted the healthy development of foreign investments and have made the policies toward foreign and domestic enterprises more uniform. They have produced a deep and profound effect on our future use of foreign capital and have helped propel China's absorption of direct foreign investments into a period of readjustments of the industrial mix, producing the following characteristics:

A. The number of newly approved foreign investment projects and the amount of negotiated foreign capital have declined, but the actual amount of foreign capital put to use has increased. This is especially true of last year, when both the number of newly approved projects and the amount of negotiated investments declined fairly substantially. That has never happened since China began opening up. One of the reasons for this was the effect of the state's tighter macroeconomic regulation and control and its tight money policy; meanwhile, the higher land value appreciation tax has curbed foreign businesses' reckless real estate development, and the repeal of tariff exemption for imported small cars and

other preferential treatment also have led to drastic reduction in small projects and phony joint venture projects whose sole purpose was to seek out favorable treatment, proving that the decline in the number of projects and the amount of negotiated investments was a good sign. At the same time, nationwide, the actual use of foreign capital continued to grow last year, and that was mainly because funds for projects approved a couple years ago were still being put to use last year, but because of last year's decline in the number of projects and the amount of negotiated investments, by year's end, the magnitude of increase in actual use of foreign capital was 71.7 percent below the previous year. Henceforth, as foreign capital utilization focuses on large projects and on the rate of actual capital contribution, although the negotiated amount may rebound and actual fund utilization may increase, the number of foreign-funded projects will continue to decline.

**B. The industrial mix of foreign investments has improved somewhat.** Infrastructure, energy, communications, and other projects in which the state encourages foreign investors to participate have become foreign investment hot points. There is a growing number of large machinery and electronic products projects and raw material and infrastructure projects. Among last year's newly approved projects, less foreign capital funds went to the primary, secondary, and tertiary industries, but each sector still had about the same percentage of the total foreign investments as before; industrial projects continued to dominate; their share continued to increase over the previous year, and the industrial mix showed some improvement.

The change in the industrial mix of foreign investments played an important regulatory role in improving China's industrial structure. But if we look at the industrial mix of foreign investments, we will discover that for various reasons, including some policy factors, we have successfully negotiated very few above-quota, large-scale infrastructure, energy, and communications projects in which the state encourages foreign businesses to invest. Among the industrial projects, there are relatively few technology intensive, capital intensive, high tech and high added value projects; labor-intensive and resource intensive processing projects still account for the majority. This condition is most noticeable in the central and western regions. Naturally, this is attributable to those regions' foreign capital utilization situation.

**C. There have been some increases in the size and improvement in the quality of the projects.** Statistics showed that for the year 1994, the negotiated value of the average newly approved foreign investment project was \$1.714 million, 28.3 percent more than the average

value of \$1.336 million in 1993. This was primarily because of the increase in the number of machinery and electronics products and infrastructure projects and other capital and technology intensive projects. The larger projects clearly gave impetus to higher quality.

**D. World-renowned, large, transnational companies have increased their investments in China; they have included China as a key region in their internationalized operations and have formulated their Chinese investment strategy accordingly.** By the end of 1994, more than a hundred transnational companies had invested in China. The majority were American and Japanese companies; the rest were European, and some were from economically well developed Asia-Pacific countries and regions. Most of their investments were concentrated in Shanghai, Beijing, Tianjin, and Guangdong.

A new phenomenon emerged among transnational company investments last year: In line with its own Chinese investment strategy, each transnational company invested or increased its investment in several trades and industries or products in several provinces and municipalities at the same time. In a way, this was a reflection of the improvement in China's investment environment; it meant the transnational companies were optimistic about China's markets.

**E. Investments in China have changed even more dramatically in terms of foreign nationalities and regions.** Ranked by the actual amount of foreign capital put to use, the top 10 countries and regions that made investments in China between January and December 1994 were Hong Kong-Macao, Taiwan, the United States, Japan, Singapore, Great Britain, Korea, Thailand, Germany, and Australia. But compared to the same period a year before, the negotiated sum of Hong Kong-Macao-Taiwan investments has fallen by the greatest amount—Hong Kong's fell by 38.1 percent, and Taiwan's fell by 53.6 percent. While the U.S. investments also fell by 29.2 percent, investments by Japan, Singapore, Korea, Great Britain, and Germany increased by amounts ranging from 15 to 46 percent. Overall, Hong Kong-Macao-Taiwan investments as a percentage of the negotiated sum of foreign investments has fallen from 79.3 percent in 1993 to 69.6 percent in 1994, a drop of almost 10 percentage points.

The decline in Taiwanese investments was due mainly to the easing of foreign investment policies by the Southeast Asian countries which attracted some Taiwanese investments. Between January and September of last year, Taiwanese investments in Indonesia increased 31-fold while investments in Malaysia increased 5-fold.



**F. Foreign funded enterprises' business based imports and exports continued to produce a trade surplus, and the mix of import and export goods has improved.** In 1994, foreign funded enterprise imports and exports continued to grow, and at rate higher than the national average. Discounting the import of \$20.3 billion worth of equipment and goods which were deemed part of their investment, their business based imports and exports generated a surplus of \$2.07 billion, \$40 million more than in 1993. Foreign funded enterprises exported \$32.09 billion worth of industrial manufactured goods, accounting for 92.5 percent of their exports and 31.7 percent of the nation's export of industrial manufactured goods. Foreign funded enterprises exported \$13.28 billion worth of machinery and electronic products, accounting for 38.3 percent of their exports and 41.5 percent of the nation's export of machinery and electronic products. The proportion of industrial manufactured goods and machinery and electronic products has increased compared to the previous year during the same period. This reflected the continuous increase in foreign funded enterprise exports, the improvement in the mix of export goods, the sustained benign development in import export trade balance, and the further strengthening of China's position in foreign trade.

**G. Foreign investment management work has been strengthened.** Since accelerating the rate of increase in foreign capital absorption a couple of years ago, the localities have begun to study seriously ways to ensure the healthy development of foreign capital absorption. Many provinces and municipalities examined their own economic conditions to determine the goals and key points in absorbing foreign capital, paying special attention to attracting the large transnational company investments in infrastructure and basic industrial projects. The tendency to pursue quantity at the expense of quality, prevalent a couple of years ago, has changed, which was also one of the factors in the sharp decline in the number of small projects. Since 1994, government departments have paid attention to perfecting the legal system and have successively introduced a series of laws and regulations, such as the "Labor Law," "Foreign Funded Enterprise Labor Management Regulations," "Circular On Issues Pertaining To Tightening the Approval of Foreign Funded Enterprises and Their Registration and Management," "Circular On Issues Pertaining To the Strengthening of Foreign Funded Enterprise Unions." They have also taken concrete steps to supervise and manage foreign funded enterprises more closely. Because of the strengthened management, the rate of actual capital contribution has increased, and good progress has been made in appraising the Chinese participant's state owned assets.

## II. Today's Major Problems

**A. We have been slow in introducing other reform measures.** In 1994, the introduction of the series of major reform measures was an overall success; they played an active role in improving the foreign investment structure and strengthening the supervision and management of foreign investments. But the introduction of other necessary reform measures has been slow. Some detailed implementation rules on land value appreciation tax involving foreign investments, export tax rebate, and foreign exchange control are not ready; others have been introduced but not yet implemented. Many foreign businesses are adopting a wait-and-see attitude toward this country's adjustments of its policies toward foreign investments. They are uncertain of China's policy direction and think that the policies change too quickly, and so they are slowing their pace of investment.

**B. We are not providing adequate guidance to lead foreign investments to the right industries.** As the situation develops, old policies that set the industrial direction are no longer appropriate, and that makes it difficult to guide the foreign investments correctly. In the last two years, many departments have formulated their own foreign investment related regulations; some have handed down those regulations in the form of internal documents, and they have also made public the gist of those internal documents on certain occasions and have left some bad impressions. Some of these regulations violate current laws and put us in a bad position.

**C. Inflation has a negative impact on the absorption of foreign capital.** Currently, foreign businesses are most concerned about inflation in this country. Whether we can curb inflation promptly will have a major impact on our future use of foreign capital. We must be ideologically prepared and come up with the appropriate countermeasures as soon as possible.

**D. Failure to resolve the issue of foreign funded enterprise export tax refund.** Many foreign businesses object to the current regulations on the foreign funded enterprise export tax refund. Although the State Administration on Taxation has made its explanations, the issue has not been resolved. In fact, many foreign funded enterprises are re-importing raw materials which they exported through foreign trade enterprises acting as export agents or importing raw materials exported by other domestic enterprises, and some are using strictly imported raw materials, and as a result, they are buying large amounts of imported raw materials which hampers the effort to increase Chinese made products and balance foreign exchange revenue and expenditure.

**E. The issue of foreign exchange swapping markets.** Since adopting the new foreign exchange control

method in 1994, we have kept open the exchange swapping markets for foreign funded enterprises, and we generally have had good results in the last year, but because the foreign exchange swapping center used a three tier settlement system, the buying and selling and fund exchange processes have become very time consuming. Some enterprises are settling their foreign exchange with the banks, which makes things more difficult for the exchange swapping markets. The State Council is considering abolishing the foreign exchange swapping markets. If that happens, and if we put foreign funded enterprises under a centralized foreign exchange settlement and sales system and control the extent, scope, and amount of their foreign exchange settlement and sales, or if we adopt such methods as batch exchange and set foreign exchange quotas by blocks, it can have significant impact on the infrastructure projects and some small and medium-sized industrial projects that cannot maintain foreign exchange balance.

**F. The biased foreign investment policy continues to widen the economic development gap between the coastal and central and western regions.** In recent years, foreign businesses have continued to invest mainly in the coastal areas, and in terms of the quantity and quality of foreign investments, the gap between the coastal areas and the interior has increasingly widened; economic development along the coast has outpaced by far that of the interior, and the difference in the living standards has become increasingly obvious. This is primarily because we still do not have the effective policy measures to help shift the foreign investments to the central and western regions. The coastal region still has better policies for attracting foreign investments than those formulated for the central and western regions.

**G. A shortage of matching funds.** Foreign funded enterprise matching funds are not put under the state's centralized plans, and adding such regulations as those barring the use of borrowed funds as capital funds, the Chinese side of many already established joint ventures are unable to come up with the money on time; that prevents some major projects in which the Chinese side has controlling interest from getting started. Meanwhile, after some enterprises opened, they couldn't raise the necessary circulation funds, which affects their normal operations.

**H. The oversized infrastructure projects are making only slow progress.** Because policy issues such as those pertaining to the state's controlling share and foreign exchange balance have not been resolved, many infrastructure projects that require the state's approval are making slow progress, and some are bogged down, in either the negotiation or the approval process.

**I. Problems still plague the management of foreign funded enterprises.** This is reflected mainly in the lack of supervision and monitoring of enterprise compliance with contracts and rules. To different degrees some enterprises are infringing on the workers' legal rights and privileges and are polluting the environment, and we lack effective means to control foreign business schemes to evade or avoid taxes by buying high and selling low to shift prices around and so on.

### III. Major Policies on Foreign Capital Utilization That Need To Be Studied, Formulated, and Implemented

#### A. . Resolutely Implement the General Principle of Utilizing Foreign Capital "Actively, Properly, and Effectively"

China's absorption of foreign capital has reached definite scope. By the end of 1993, the actual amount of foreign capital utilized amounted to 13 percent of society's fixed asset investments; foreign funded enterprise industrial output value accounted for 11 percent of the country's Gross Value of Industrial Output (GVIO). Foreign investments are playing an increasingly important role in promoting national economic development and are acknowledged by all people nationwide. But relative to the country's economic scope and population, we are absorbing less foreign capital than Thailand, Malaysia, Indonesia, and other fast growing countries. Moreover, most of the investments are concentrated along the coastal open areas; they are playing a relatively small role in promoting the economic development of the central and western regions. To maintain a high rate of economic growth, bring in technologies, increase exports, and increase employment, we must absorb more foreign investment.

This is the best time for China to further open up and accelerate its absorption of foreign capital. International investors are optimistic about our rapid economic growth and huge markets. But while we see the positive factors, we must also realize the competition we are facing. In recent years, whether we are talking about Southeast Asia, South Asia, and the nations of the Commonwealth of Independent States around us or about the Central and Eastern European countries and the Central and South American countries, they have all eased their policies to vigorously absorb foreign capital. Many of these countries have fairly good overall investment environment, and there is intense competition for foreign capital. Faced with this macro environment, we must have a sense of urgency and further improve our own investment environment; otherwise, we will find ourselves beaten



in the competition or lose our opportunity, which will slow the progress of our economic development.

In the late 1990's, we must absorb fairly substantial amounts of foreign capital each year, but this does not mean that more is necessarily better. We must carefully determine the optimal share of foreign capital in the national economy; we must emphasize efficiency and be less reckless. Over the last decade or so, foreign business investment structure has continued to improve, and overall, we have a good mix which meets the needs of the country's economic development. Among the foreign funded projects already approved, 74 percent are industrial production type projects; they account for 52.8 percent of all negotiated foreign capital funds. Among the industrial projects, the bulk are energy, infrastructure, electronics, machinery and similar projects. In the last two years, there has been a rapid increase in technology and capital intensive projects, infrastructure projects, and tertiary industry projects; the average investment per project has also increased.

But we should realize that some foreign capital absorption policies are unclear with respect to specific industries, and the foreign business investment mix still has its problems: the percentage of advanced technology type and export oriented enterprises is still relatively small; most projects are ordinary processing type industrial projects producing goods mainly for domestic sales. In some localities, there are too many foreign funded real estate projects, and there are some reckless tendencies. In 1992 and 1993, foreign businesses accounted for more than 30 percent of the real estate investments. There are too many luxury apartments and office buildings; the mix is poor, and this has given rise to land speculation and soaring land prices. There has been a sharp increase in expensive service facilities; some localities have even brought in gambling and sex and other corrupt and degenerate capitalist things.

In the future, when we absorb foreign capital, we must bear in mind the existing problems, provide correct guidance, further optimize the investment structure, and combine the utilization of foreign capital with the readjustment of the domestic industrial structure and the product mix. We should introduce competition into foreign business investment and implement the bidding method, make the industrial policies more skewed to need, and make sure that our industrial policy can effectively set the direction for foreign investment. A foreign investment industrial guide will soon be announced (The list has been approved and was announced by the State Council on 27 June, 1995. Please see RENMIN RIBAO 28, 29 June, 1995 and this issue of GUOJI SHANGWU pp 54-60). We will promptly formulate the correspond-

ing industrial policies—such as management regulations pertaining to foreign business investments in railroads, highways, harbors, docks, agriculture, and real estate—to guide foreign investments toward the high tech domain and the basic industry and infrastructure projects. We cannot simply welcome all foreign businesses. We must temporarily halt real estate projects involving luxury apartments and vacation homes and limit other expensive projects with low added value. Equipment and material imported by foreign businesses for real estate development projects should be taxed according to regulations; there should be no more preferential treatment.

In the next few years, the industrial policies should emphasize the following when absorbing foreign capital: They should increase infrastructure, basic industry, capital and technology intensive, and high tech projects proportionally as a share of all foreign investments. They should encourage projects involving raw materials, parts and components, apparatus and others that complement the existing products; encourage the use of foreign capital to accelerate the technological transformation of existing enterprises, especially the large and medium-sized state-owned enterprises; continue to encourage investments in export processing industries, pay special attention to the coastal areas, promote enterprises that export technology intensive and high added value products, and enhance their competitiveness in the international markets; encourage agricultural development projects and externally-oriented agricultural projects; keep the development of tourism and hotels reasonable; keep real estate development mainly to mid and low priced homes; keep the expensive service facilities from expanding too fast; and with regard to the financial, business resource, foreign trade, transportation, and other service trade industries, depending on the situation and conditions, set up experimental points to open up or further open up step by step.

In the wake of the rapid increase in foreign funded enterprises, as we continue to improve the investment environment, we must accelerate the improvement in enterprise business environment and monitor and manage enterprise business activities more closely, so as to utilize foreign capital efficiently. Foreign funded enterprise production and management are primarily regulated by the market. Currently, China's economic system is changing tracks, and many policies and regulations do not meet the needs of the market economy. Enterprise external environment is not ideal at this point, and there are many operationally related problems. We must make an effort to nurture and improve a variety of capital goods markets to create a good production and management environment for the foreign funded enterprises. Given that market conditions are not perfect,

we must help enterprises dredge fund supply channels, solve the water and power supply problems, and coordinate raw material supply and make available parts and components at home. We should set up and expand the tax sheltered market for imported materials, so that enterprises can turn to the market directly without going through unnecessary middlemen. We should simplify import export approval procedure, improve import export control and the export licensing and quota systems, and give enterprises a more open import export environment. We should rectify the reckless fee collection and apportionment practices, set up a comprehensive foreign business investment consultation service system, and strengthen the functions of the Foreign Business Investment Service Center and Foreign Funded Enterprises Association. In working to absorb foreign capital, we should strengthen the management of state properties and supervise enterprise business activities more closely through the Chinese members of the boards of directors. The departments in charge of trades and industries and various trade associations should guide, serve, and supervise enterprises through their own industrial policies. We should make it easier to set up enterprises and simplify the approval process for various production and business matters, ease the control over production scale and business scope, and protect enterprise legal rights to make management decisions.

Nominally, more than 220,000 foreign funded enterprises have already been approved, but the actual situation is very different: the number is exaggerated, and some enterprises have shut down or dissolved. We plan to conduct a nationwide comprehensive survey of all approved foreign funded enterprises and look into the management and administration conditions, such as capital contributions, profits and losses, tax payments, and foreign exchange. We should closely examine foreign funded enterprise contract execution and rule implementation, include their imports and exports in the country's import export control system, and put them under unified management. We should monitor foreign funded enterprise resale percentages and actual capital contribution. We must censure enterprises that violate the workers' legal rights, that make the workers work under adverse conditions, that withhold wages without cause, or seriously pollute the environment. We must prevent foreign businesses from buying high and selling low to shift prices around to avoid paying taxes. We should set up party groups and trade unions in foreign funded enterprises. The local governments should head the actual tasks; the foreign economic and trade, tax, industry and trade, foreign exchange, customs and other relevant departments should join in the effort and issue new certificates to enterprises that pass the inspection.

#### B. Accelerate the Central and Western Regions' Pace of Absorbing Foreign Investments

Whether in terms of total area or total population, the 18 provinces and autonomous regions in the central and western regions make up a large part of this country, and yet, their use of foreign capital is far below that of the coastal region: 1) They account for a very small share of the nation's total foreign capital utilization. Take 1994 for instance. The central and western regions approved 9,299 foreign funded projects, accounting for 19.4 percent of the nation's newly approved projects; their actual use of foreign capital came to \$4.29 billion, 12.7 percent of the nation's total use of foreign capital for that year. 2) Some minority nationality regions are unable to attract foreign funded projects of scale. For example, in 1994, Guizhou only approved 171 such projects and put \$63 million to actual use; Inner Mongolia approved 2,116 projects and put \$40 million to actual use; Qinghai approved only 18 projects and put \$760,000 to actual use. 3) the types of foreign funded projects the central and western regions attracted were primarily labor-intensive, simple processing projects; there were few infrastructure, tertiary industry, and agricultural and livestock industry projects.

This foreign investment pattern in the central and western regions is due partly to the regions' own slow economic development, and despite their low land price, rich resources, ample and cheap labor force, and other advantages, most areas are engaged in agriculture and livestock rearing, and investments in those industries are inadequate; and additionally, because their industries are backward, the labor resource is of poor quality, the proportion of poor people is large, information is unavailable, infrastructure is poor, and funds are scarce, the regions are unable to give play to what advantages they do have. Meanwhile, the state has provided little preferential treatment to help them attract foreign investment. For example, certain trades and industries which foreign businesses are permitted to invest in along the coast (such as banking, insurance, and retail sales) are still not allowed in the central and western regions; add to this that for many years, the coastal region's authorization power has been set at \$30 million and the interior regions' at \$10 million, which has limited the latter regions' scope of foreign capital utilization. There is a huge difference in tax breaks, especially in enterprise income tax. The coastal region has had years of preferential treatment, while the central and western regions have never been given any tax breaks. Based on historical experiences and real situations at home and abroad, we must first understand the central and western regions' economic development and foreign capital utilization from the high points of



the unity of nationalities and of national stability. There are 56 nationalities in China; the minority nationalities occupy a large territory, and their population is by no means small. Basically, the economic development of the minority nationality regions is determined by the economic development of the central and western regions, and their development in turn is critical to the unity of China's nationalities and the country's stability.

Second, we must raise the level of work on the central and western regions' economic development and foreign capital utilization to the strategic height where they can bring along the whole country's economic development. Under the First Five-Year Plan, many of the nation's 156 key point projects were located in the central and western regions. In the 1950's-70's, the state installed a series of key projects and "three front lines" projects in the central and western regions to create an industrial base of definite scope, giving much impetus to those regions' economic development. At that time, the economic development gap between the central and western regions and the coastal region was narrow enough, but later, because policies persistently were skewed toward the coastal region, the economic development gap began to widen. If we continue to ignore the central and western regions' economic development and their effort to absorb foreign capital, by the end of the century, our overall economic development will be jeopardized.

In addition, we must understand the central and western regions' economic development and foreign capital utilization from the high point of proper allocation of factors of production. Those regions are rich in mineral and human resources, but because of the biased policies, many key factors of production are not properly allocated. The rich mineral resources are not exploited and put to use properly; they lie idle or are wasted. The need to transport the resources over long distances has also put tremendous pressure on the transportation departments. Human resources face the same problem. Each year, the "flood of civilian workers" is overwhelming.

Considering that the central and western regions' economic development and foreign capital utilization are in fact a systematic project, we should link them to resource development and exploitation, agricultural and livestock industry development and utilization, the implementation of nationality policies, poverty relief, and the establishment of an externally oriented economy and other goals. Here, we have the following suggestions:

*1. The central and western regions should enjoy the same treatment as the coastal open cities in the absorption of foreign capital (including the reduced enterprise income tax rate of 24 percent). In view of the fact that income tax reduction or exemption has little impact on the*

central government's revenues, the central and western regions, especially the remote border areas, should be given province level power to reduce or exempt income taxes. Local governments may take their own financial conditions into consideration and support urgent local agricultural development and energy and communications and other infrastructure projects through income tax reduction or exemption.

*2. We should ease the industrial policy toward the central and western regions' foreign capital absorption. We should lend special encouragement by formulating appropriate policies to promote the development of the agricultural and livestock industries, to resource development, and to energy and raw material industrial projects where the central and western regions have some advantages. While making sure that we are not draining or losing state properties, we should permit the central and western regions to transfer some of the equity rights in existing infrastructures to foreign businesses and put the money they earn into new infrastructure projects. We should support the central and western regions in setting up mineral resource deep processing projects and gradually change the situation whereby these regions can only exploit but cannot deep process their own resources. In principle, except for the handful under most stringent restrictions, projects in which the state restricts the use of foreign capital should not be limited in the central and western regions. We may consider allowing the central and western regions to approve projects which are below quota and which normally require the approval by a State Council department or committee. For the handful of projects which must be restricted, so long as they benefit local economic development and do not adversely affect the country's overall economy, they should be allowed. Provinces and municipalities should take the needs of local economic development into consideration to formulate their own five-year construction plans for hotel and restaurant projects, and if approved by the state's department in charge, local governments should have power to authorize projects within the approved scope. We can consider expanding the scope of experimental projects with regard to retail sales and banking and other trades and allow the central and western regions to set up pilot points. In the future, new pilot industries, trades, and regions not only should be set up in the large coastal cities but should also be set up in selected, qualified central and western regions, and given the same conditions, the central and western regions should have preference.*

*3. We should expand the loan scale for domestic matching funds to help the central and western regions absorb foreign investments. We should set up parcels of*

policy-oriented loans. If foreign investors can be found for new construction and technological transformation projects which the state has already arranged loans for, we can consider allowing the Chinese side to use part of the loan fund as capital fund.

4. *We must uphold the strategy of trading market for technologies.* Foreign funded enterprises set up in the central and western regions should be allowed to sell all or most of their products in the domestic markets. The state should adopt measures to help them solve their infrastructure projects and foreign exchange balance problem for projects which the state encourages and which primarily cater to domestic sales.

5. *We should encourage the central and western regions to set up export oriented foreign funded enterprises.* Applications for export licenses from foreign funded enterprises in the central and western regions should be given preference. Export licenses for products whose main production areas are in the central and western regions should also have preference.

6. *We should consider allowing the central and western regions to authorize foreign capital utilization up to \$30 million.* In the future, when handing down authorizing power to the lower levels, the same amount of power should be given to the coastal and the central and western regions.

For the coastal region, because of its limited resources and high labor cost, some existing foreign funded enterprises have reached the limit of expanded reproduction. We can explore the possibility of their taking their investments to the central and western regions, so as to forge cooperation with those regions and give impetus to their development.

### C. Guide More Foreign Investment Toward the Infrastructure Domain

Infrastructure is the "bottleneck" constricting China's economic development and is the focal point of our foreign capital utilization. China's future infrastructure construction will require huge sums of money. According to World Bank estimates, between 1995 and 2000, China will need around \$500 billion for its infrastructure construction. In the past, for various reasons, infrastructure projects attracted little foreign investment: there were only a dozen or so large-scale power station projects; only one railroad project; only a few highway projects—all in Guangdong Province; and only a handful of large-scale harbor and dock projects—mainly improvements on existing docks. To attract more foreign capital to fund infrastructure projects, we must solve the following problems:

1. *The issue of Chinese controlling interest.* The first question in absorbing foreign investment in infrastructure projects is the foreign business share of equity rights. In particular, State Council Document No. 83, issued at the end of 1993, wanted the state to hold controlling interest in foreign funded projects critical to the national economy and the people's livelihood, and since then, whether China has controlling interest in infrastructure projects has become the key point in Sino-foreign negotiations. To deal with this issue, we must understand and handle the following relationships correctly: First, of course it will be good if the Chinese side has controlling interest in all projects, but in reality, that is not likely. Today, given that local governments must help out with the Chinese side's matching funds in most foreign funded projects, they simply cannot come up with hundreds of millions and even billions of US dollars to buy controlling shares in all infrastructure projects. Second, it is not necessary for the state to have controlling interest in all projects. Objectively, even if a foreign business has majority shares in a certain infrastructure project, it cannot control or monopolize the entire industry. For example, even if a foreign business has controlling interest in a power station, it will have little impact, because the power industry is controlled by the state. The state should have controlling interest in only a handful of industries and projects, such as airport, railroad trunk lines, major ports, nuclear power stations, and urban subways. Furthermore, we must correctly understand the meaning of the state's power to regulate and control. It is our opinion that power to regulate and control should not be interpreted simply as having controlling interest. In other words, the state's control over foreign funded infrastructure projects is not achieved completely by having majority share of the registered capital. The state can use other economic measures to achieve its regulation and control goals. For example, it can use pricing, taxation, credit, and other macroeconomic regulation and control measures. Generally speaking, infrastructure projects make money by providing services to the public. Although enterprises can set their own service fees and prices, the state retains the right to determine those prices, and when it comes to ports and other monopolistic projects, it is even more important for the state to be strict with the prices. On the other hand, the Chinese side can also use methods other than majority shares to gain real control in joint ventures—through negotiation and consultation to control the supply and purchase of raw materials, set product prices, control product sales, control personnel, and make decisions on major issues and so on.

2. *The issue of the rate of return on investments.* The rate of return on investments is also one of the most sensitive issues in foreign funded infrastructure projects. On the



one hand, foreign businesses often complain about the Chinese government refusal to let them have higher rates of return on infrastructure projects, but on the other hand, they are constantly asking the government or the Chinese partners to guarantee higher and higher rates. On this issue, I think we should adopt the following attitude:

a. We should not predetermine the rate of return on investments. The rate of return is an investor's expectation of future gains; it does not require the government to artificially set an upper limit. First, it is difficult for the government to set the proper rate. Although each industry and trade can figure out an approximate rate, it is only an average value. No two projects are the same, and the rates of return are very different. If we set an average value, then those with high profits will be unhappy, and those with low profits will equate that with the average rate. Secondly, we do not set upper limits on investment return for domestic projects, only for foreign funded enterprises, and this violates the principle of national treatment.

b. We should not guarantee the rate of return on investments. Whether it is the government or the Chinese investors, no one should guarantee foreign business rates of return. This is because when people invest, it is a business decision; they should do their own market forecast and run their business properly, and whether they make money or not, the risk is for them to take. Second, if the government or the Chinese side takes responsibility for the rates of return, the foreign businesses will have no investment risk, and regardless of performance, ultimately, the government or the Chinese side are taking care of things, and even if the enterprise loses money, the other side will get their money back. Under the situation, it is difficult to imagine why foreign businesses would make much of an effort with respect to funding, technology, and management.

c. The rate of return should be determined by comprehensive factors; it should be decided by the investment scope of the projects, whether it has attained economies of scale, the kinds of technology and equipment it utilizes, and whether it is competitive, but even more importantly, it is determined by how it is managed and administered and by the market conditions and price levels and so on. Therefore, the rate of return is a dynamic variable, and ultimately it may turn out to be what the investors hope it will be, or it may not. As for whether an investor's expectation is realized, it depends entirely on his own hard work and on the objective economic conditions. So long as one operates according to the law, ultimately one should be allowed to reap the highest return.

d. Government should control the rate of return by macroeconomic control and regulation measures. The government's not setting nor guaranteeing investment return rates does not mean it cannot control the investment return rates. If objective economic conditions should change dramatically and foreign investors should lose their investment or reap exorbitant profits, the government can adjust the service fees and prices and use other macroeconomic measures to intervene and affect enterprise profits and ultimately affect their investment return.

3. *The issue of foreign exchange balance.* Most infrastructure projects do not generate foreign exchange income, which makes it difficult to resolve the foreign exchange balance issue. Faced with those projects' need for huge amounts of foreign exchange, neither the planning department nor the foreign exchange control department nor anybody else dares to make promises. Given that the source of foreign exchange is uncertain, foreign investors are forced to slow their investment plans; some projects are stalled for this reason. To solve this problem, we should consider the following:

a. The government should boldly promise the supply of foreign exchange. Although infrastructure projects do not directly export and earn foreign exchange, they help ease the "bottleneck" situation where the infrastructure has fallen behind economic development, and they help enterprises produce more and export more, and in this sense, they are exporting indirectly. If we undertake these projects on our own, we still have to spend the same amount of foreign exchange.

b. Infrastructure projects have fairly long production and construction cycles; in most cases, foreign exchange is not needed until three to five years into the projects, and by then, China's foreign exchange reserve situation will have improved.

c. We should develop foreign funded infrastructure projects comprehensively, expand the business scope of this type of project, and allow foreign businesses to participate in related necessary projects and business activities. That may help increase an enterprise's own ability to balance its foreign exchange revenues and expenditures.

4. *The issue of matching funds.* The state's centrally allocated infrastructure construction funds generally do not provide funding for foreign funded infrastructure projects. But without the state's matching fund support, it would be difficult to complete most foreign funded infrastructure projects. In the future, when we consider including foreign funded infrastructure projects in the state plans, we should also consider arranging for matching funds, or we can provide some state policy oriented

bank loans, or let state-owned commercial banks give some preference to foreign funded infrastructure project loans.

**5. The issue of preferential policies.** Although infrastructure is the focal point of foreign capital utilization, careful analysis shows that we are offering little in special favors; whatever favor there may be is also regionally-based. In the future, perhaps we can consider making the 15 percent income tax rate and 5 tax exemptions and 5 tax reductions applicable to infrastructure projects a nationwide policy and also ease certain conditions, such as the registered capital to actual investment ratio and the capital contribution deadline and so on. In addition, local governments should ease restrictions on port and highway projects.

#### **D. Using Foreign Capital To Upgrade Existing Enterprises.**

Absorbing foreign capital to set up Sino-foreign joint ventures is an important way to enliven the existing enterprises and is also an important part of our foreign capital utilization work. After all these years, tens of thousands of state-owned enterprises and township enterprises have already turned to joint venture and equity joint venture arrangements to upgrade their equipment and technologies, change their management mechanisms, and recover their vitality, and they have developed rapidly as a result. Currently, we still have hundreds of thousands of old enterprises using obsolete equipment and backward technologies. We must continue to absorb foreign capital to transform old enterprises, but that is easier said than done. Overall, we must solve the following problems:

**1. Should we allow the other side to control the majority shares?** The first problem in using foreign capital to transform old enterprises is whether to allow foreign parties to have controlling interests. Some people worry that, because many old enterprises are large or medium-sized state enterprises, and some are even backbone enterprises in the state's mainstay industries, if foreign parties have controlling shares in the joint ventures, it may undermine the public ownership system. Of course, such concern is valid, but it is our opinion that we must be discriminating and deal with this issue on a case-by-case basis. On the one hand, the Chinese side must insist on having controlling interest in mainstay industry projects that affect the national economy and the people's livelihood and are monopolistic in nature. But most old enterprises, including the large and medium-sized enterprises, do not fall into this category, and so it does not matter even if the other side has controlling shares; their controlling interest may even help speed up those enterprises' transformation. On the other hand,

we need to change our concept, because even if the foreign parties have controlling interest in some projects, they are joint ventures, the Chinese side still has equity rights, and they still have a state-owned economic element and should not be treated as wholly capitalist, not to mention that we can have working control without having majority shares.

**2. The matching fund question.** Like other enterprises, old enterprise use of foreign capital also requires large amounts of matching funds from the Chinese side, and some projects have fallen through because the Chinese side could not come up with sufficient funds. The state should adopt specific policies to provide credit help, such as when the money losing old enterprises enter into joint venture relations with foreign businesses, they may leave their original bank loans and money owed to the Finance Ministry on the books for three to five years and repay them after their business situations improve. The state can allocate special loan funds and spend it on joint ventures between old enterprises and foreign businesses. Such use of loans funds will be more effective than the current method of handing out loans to old enterprises, blood transfusion style.

**3. The issue of property appraisal.** Existing enterprises using their stock of assets in joint ventures with foreign businesses must do a good job appraising and managing the state assets. In the past, state-owned properties were often lost in the process when we entered into a joint venture, and we must pay close attention: 1) We did not appraise the properties according to regulations; or the properties were undervalued; property rights transactions were irregular, and profits earned in the transfer of property rights were not put to proper use. 2) Some enterprises which had already undergone transformation by bringing in foreign technologies and equipment were entering into joint venture arrangements with foreign businesses again. Some foreign businesses used this method to turn their stocks in the Hong Kong market into Chinese conceptual stocks [GAINIAN GU 2861 1819 5140 ?], boosting their prices and reaping exorbitant profits before delivering on their promised investments.

**4. The issue of taking care of the surplus workers.** China's old enterprises generally have a lot of surplus workers. Whether they are entering into partial or complete joint venture arrangements with foreign businesses, there is always the problem of what to do with the surplus personnel. This is a matter that affects social stability. Perhaps we should consider the following ways to solve this problem: If the old enterprise puts up the entire plant in a joint venture arrangement with a foreign business, it should retain its independent legal person status as an investor, so that it is in a better posi-



tion to take care of more surplus workers. Older workers, if they agree, may retire early and may be treated as retirees; capable surplus workers should be regrouped to join new facilities set up to produce other products for the joint venture. The old enterprise's original "age-old accumulated wage fund" set up prior to the joint venture should be kept and used to settle the surplus personnel. If enterprises truly have trouble settling their own surplus workers, the department in charge and the local labor department should lend support. They may organize "retraining" sessions and recommend the capable workers to other enterprises.

**5. Different ways of utilizing foreign capital to transform old enterprises.** Besides Sino-foreign joint ventures and contractual joint ventures, we can also turn the existing assets into capital stocks, entice foreign businesses to buy shares, set up foreign funded shareholding corporations, and issue stocks in the open market when conditions ripen. Large and medium-sized enterprises with the right qualifications may issue B-shares, H-shares, or N-shares to absorb foreign capital. When foreign capital exceeds 25 percent, we can set up foreign funded corporations. In cases where the asset stocks of all enterprises industry-wide or several industries in an entire area or city are used in a joint venture arrangement with foreign businesses, the problem becomes complicated, and we must be very careful.

To further encourage foreign businesses to invest and participate in China's enterprise transformation, perhaps we should consider treating all old enterprise projects, regardless of where they are located, the same way as those in the coastal economic and technological development zones, if they are projects in which the state encourages foreign investments.

#### **E. Gradually Extend National Treatment To All Foreign Funded Enterprises.**

Gradually extending national treatment to foreign funded enterprises has always been an important part of the work to utilize foreign capital. In the wake of continuous opening up to the outside world and deepening of the economic reform process, the issue of foreign funded enterprise national treatment has become more pressing. Whether in the GATT accession talks or in our active, proper, and effective use of foreign capital, it is urgent that we resolve this issue. I have the following suggestions:

**1. We should clarify the meaning of national treatment.** National treatment is one of GATT's most important principles. It is built on the principle of nondiscrimination, and primarily, it stresses that investment measures toward foreign products and trade cannot be less fa-

vorable than those towards the country's own products, enterprises, and individuals. At first, GATT's national treatment clause did not involve foreign investment issues, but in the Uruguay round of negotiations, its scope was expanded. 1) In the service trade domain, it is stipulated that the scope of national treatment can be determined through negotiations among the member nations. 2) Trade-Related Investment Measures (TRIMS) must also comply with the national treatment principle; restrictions cannot be put on products imported from a member nation by imposing mandatory requirements on foreign investors to include local ingredients in the products, linking enterprise exports to the preferential treatments, or linking favorable tariff treatment to the extent of the importing country's participation in the production of those goods.

It is clear that the national treatment principle has reached into the investment domain, but to a limited extent; many questions must still be resolved through multilateral and bilateral negotiations. In the bilateral investment protection agreements signed between China and more than 60 other countries, although we have not promised foreign investors complete national treatment, if the pertinent Chinese laws and rules and regulations extend foreign investors national treatment, or treatment better than those extended to domestic enterprises, in certain areas, all foreign investors can take full advantage of them. In China, extending foreign funded enterprises national treatment has two meanings: 1) In accordance with the principle of national treatment, we must eliminate all discriminatory treatment toward foreign funded enterprises. 2) We must readjust the preferential treatment already extended to foreign funded enterprises, so that they are treated increasingly more like domestic enterprises.

**2. Principles we should abide by in extending foreign funded enterprises national treatment.** Giving foreign funded enterprises national treatment is a very sensitive issue; it has broad ramifications, and we must be careful. We believe the following principles should be followed:

a. We must follow the general principle of utilizing foreign capital actively, properly, and effectively. Giving foreign funded enterprises national treatment should be an important part of the effort to further improve the investment environment. The goal is to promote the healthy development of the work to absorb foreign investment, not inhibit its development.

b. We must link tracks with international rules and practices. China is negotiating its accession to GATT, and eventually we want to become a member of the World Trade Organization (WTO). We must abide by internationally accepted principles of national treatment

in making adjustments and should not add new terms to treat foreign enterprises differently.

c. We should gradually unify our policies toward foreign and domestic enterprises. Differential treatment is not conducive to fair competition among enterprises. In the future, our goal is to treat foreign and domestic enterprises alike where possible. On the one hand, we should promptly eliminate all discriminatory treatment against foreign funded enterprises, and on the other hand, we should also gradually cut back on the preferential treatment toward foreign funded enterprises. However, cutting back on the preferential treatment must be a gradual process; we must not act in haste. We must fully consider the sense of continuity in our policy to attract foreign investment, and before making changes, we must be fully prepared, amend the laws according to legal procedures, and allow sufficient time to ease into the new situation.

d. We should not try to keep up with the well developed countries. Currently, different countries have different policies for absorbing foreign capital. The economically well developed countries of the West generally do not give foreign investors special preferential treatment, but international capital tends to flow toward those countries anyway. This is because they have good investment environment; their market economic mechanisms are well developed; their level of economic development, technological conditions, and market conditions are favorable to foreign investor businesses, and therefore they need not deliberately extend preferential treatment to foreign investors. Most developing nations, including the newly industrialized countries and the eastern European countries, extend favorable terms of varying degrees to foreign investors. International investment is competitive; international capital tends to flow toward places where there are favorable policies to attract foreign investment. In recent years, the amount of foreign capital finding its way into Vietnam and Indonesia has soared, and that is due entirely to their favorable policies. China's experience in absorbing foreign investments has been the same. If we are too anxious to keep up with the developed countries on this matter, we will be at a disadvantage compared to other developing countries. Therefore, we should continue to extend preferential treatment to foreign-funded enterprises for now and cut back very slowly, step by step.

e. National treatment should be coordinated with our own industrial policy. Extending national treatment to foreign funded enterprises should be coordinated with the industrial policy and dealt with on a case-by-case basis to give expression to the skewed industrial policy while treating foreign and domestic funded enterprises the same way. For example, preferential treatment must

be gradually reduced until completely eliminated for service trade projects tightly controlled by the state (not including capital intensive projects restricted because of industrial layout) low tech projects with serious pollution problems, and redundant import projects, regardless of whether they are foreign or domestically funded. Conversely, preferential treatment should be given to all in infrastructure projects, import substituting raw materials projects, and high tech projects, regardless of foreign or domestically funded. Thailand, Brazil, and other countries have been very successful in this area, and we should learn from them.

f. We should emphasize the central and western regions' development. Attracting foreign investment to the central and western regions to promote the hinterland's economic development is an important strategic task. Henceforth, foreign funded enterprises in those regions should still be given some favorable treatment. It is necessary to remedy the geographic disparity through biased policies.

Based on the above principles, we can handle foreign funded enterprise national treatment issues in the following ways:

- 1) In the near term, we should abolish all costly fees; eliminate the two tier fee standards imposed on foreign personnel for airplane, train, and boat tickets and public park entrance fees and fees for other public and cultural facilities; and eliminate foreign funded enterprise food subsidies payable to the Financial Ministry. Few countries in the world still impose two tier fee standards on foreign nationals today. This is one area the GATT signatories have charged against us for violating national treatment during the GATT accession negotiations.
- 2) With respect to credit loans, we suggest the state put foreign funded enterprise loans under the state's credit plan, and in particular, infrastructure projects and other projects encouraged by the state should be given priority.
- 3) In the near-term, we can consider stabilizing the tax breaks extended to foreign funded enterprises. We suggest that in the future, when we amend the foreign funded and foreign owned enterprise income tax laws, we should change the starting date for computing tax reduction and exemption from the year they show profit to the day they go into production. We should extend the same preferential treatment given to state encouraged foreign funded projects in the coastal regions to those in the hinterland; similar domestically funded projects should also enjoy the same preferential treatment. We should gradually eliminate the "two exemption and three reduction" preferential treatment toward restricted projects (excluding capital and technology intensive projects restricted for industrial layout reasons).
- 4) We should stabilize foreign funded enter-



prise tariff policy for now, and in the future, when we readjust the import tariffs and value added tax and take into account World Trade Organization regulations, we should gradually reduce the amount of tariff exemption on machinery and equipment imported by foreign funded projects that are under restrictions (not including capital and technology intensive projects under restriction for industrial layout reasons) until eventually abolishing their import tariff preferential treatment. 5) We should abolish the foreign exchange swapping markets. After foreign funded enterprises are put under a centralized foreign exchange settlement and sales system, when they settle or sell their foreign exchange they should at least enjoy the same freedom, have the same scope, follow the same procedure, enjoy the same efficiency, and be charged the fees as when they participated in the foreign exchange swapping markets to remedy their foreign exchange surpluses and shortfalls. 6) In order to facilitate the central and western regions' develop-

ment, we suggest making our foreign funded enterprise preferential policy skew more toward the central and western regions and guide the coastal region's relatively saturated labor-intensive processing projects toward the interior provinces. We should give investments in restricted projects in the interior provinces similar favorable treatment in terms of taxation.

Foreign capital utilization policies involve broad issues. We must conduct continuous, in-depth studies. The above discussion only touched on some major issues. There are many other questions, such as the relationship between inflation and foreign capital utilization; how to develop foreign funded corporations, build-operate-transfer [BOT], and other new investment formats; how to make use of foreign financial markets to raise capital; and how to attract large transnational companies to invest in China and so on. All these questions must be studied carefully and dealt with properly.

### North Region

**PRC: Beijing Secretary Outlines Work for 1995**  
**SK0602060496 Beijing BEIJING RIBAO in Chinese**  
**15 Jan 96 p 1**

[Report by BEIJING RIBAO reporter Sun Yushan (1327 3768 1472) and Bai Fuyi (4101 4395 5030), reporter of the Beijing People's Broadcasting Station: "Effectively Doing All the Work of This Year by Seeking Unity of Thinking, by Enhancing Understanding, by Giving Prominence to Key Points, and by Firmly Grasping Implementation"]

[FBIS Translated Text] On 12 January, at a meeting to summarize the 1995 work of the municipal government, Wei Jianxing, secretary of the municipal party committee, delivered a speech entitled "Effectively Doing All the Work of This Year By Seeking Unity of Thinking, By Enhancing Understanding, By Giving Prominence to Key Points, and By Firmly Grasping Implementation." He stressed: As the first year covered by the Ninth Five-Year Plan, this year is devoted to making a beginning and to laying the foundation for implementing the plan. Hence, effectively doing all the work of this year is of extremely great significance.

Wei Jianxing then emphasized four issues:

1. Straighten out the guiding ideology and enhance the awareness of service. Wei Jianxing stated: As repeatedly stressed by the CPC Central Committee, General Secretary Jiang Zemin, and Premier Li Peng, Beijing's economic work, urban construction, and other work items should all be arranged based on the nature and characteristics of being the country's capital, and should all be devoted to exploiting the capital's role as a political and cultural center of the country. At the same time, Beijing is required to better serve the normal operation of the work of head party, government, and military organs; to serve the ever-expanding contacts with foreign countries and regions; to serve the educational, scientific, technological, and cultural development of the state; and to serve the work and livelihood of Beijing's citizens. The core of this requirement lies in service to the people. Beijing's nature and position as the political and cultural center of the country has defined the emphasis of Beijing's work as rendering good service. By straightening out our guiding ideology we mean to correctly understand Beijing's nature of being the capital of the PRC, and then firmly embrace and continuously enhance the awareness of service.

While speaking of how to straighten out the guiding ideology and enhance the awareness of service, Wei Jianxing urged a correct understanding of the following four ideological issues. First, by improving service, we

do not mean giving up development; instead, we mean effecting even greater and better progress in the economy and society. Good service should be guaranteed by a fine social environment and a strong material foundation. The capital's service function cannot be brought into play until its economy is well developed; urban construction succeeds; "vegetable baskets" and "rice sacks" are enriched; markets flourish; basic facilities are further improved; and the people's standard of living is raised further. Striving to improve service is identical to upholding the central task of economic construction and to concentratively beefing up Beijing's economy. Thus, we should never set service against development. Second, improving service does not mean lowering Beijing's position and requirement, but means setting even higher standards and even stricter demands on Beijing's work. Wholeheartedly serving the people is the fundamental purpose of our party and the highest criterion of our party. General Secretary Jiang Zemin pointed out that all comrades working in Beijing should come to understand that the tasks they shoulder are heavy and the duties they assume are great, and that these comrades should also deeply feel that the posts they assume are extremely glorious. The demand to improve service embodies the confidence placed on us by the CPC Central Committee as well as the glorious duty entrusted on us by the central authorities. We must put ourselves in a correct place and understand that service means duty, dedication, an even greater and stronger party spirit, and an even greater awareness. We should respect and encourage ourselves and strive to create a first-class work level and first-class work achievements. Third, all professions and trades should strive to improve their service and embrace and enhance their awareness of service. The sphere of service is quite extensive, and we cannot consider service as the affairs of commercial and service departments alone. When formulating plans, developing the economy, and realizing the quadrupling tasks, all urban construction departments, industrial departments, and agricultural departments, as well as all professions and trades, should primarily aim at meeting the demands of the masses and at bringing benefits to the masses. When the guiding ideology has been straightened out, the awareness of service has been enhanced, and the people's demands have been satisfied, only then can economic work, urban construction, and all other undertakings develop in a sustained, rapid, and sound manner. Fourth, to improve service, we must emphasize the overall situation of Beijing's reform, development, and stability. Good service is conducive to deepening reform, promoting development, and maintaining stability. Safeguarding and maintaining Beijing's political and social stability constitutes the service of top priority.



Wei Jianxing stated: In the final analysis, enhancing the awareness of service and serving the people is the issue of outlook on life, on the world, and on values. Leading cadres should take the lead in straightening out the guiding ideology and enhancing the awareness of service. They should strive to attain the following goals: First, their service should be honest and wholehearted. They should not be hypocritical, nor should they harbor selfish ideas and personal considerations. In rendering service, they should stress practical results rather than seek short-term success and quick profits, fish for fame and compliments, and practice fraud. Second, their ideas and methods should be correct. They should stick to the party's ideological line of emancipating the mind and seeking truth from facts, and should handle affairs with a scientific attitude by proceeding from reality. They should persist in democratic centralism and make policy decisions in a scientific and democratic manner. Their service should be efficient. Third, their style of work should be good. They should be honest in performing official duties, work arduously, and share weal and woe with the common people instead of indulging in an ostentatious display of wealth, seeking ease and comfort, and seeking private gain on the account of having handled affairs for the people. They should be modest and prudent. In work, they should voluntarily ask for instructions from and make reports to pertinent central departments, and should communicate, discuss, and consult with fraternal provinces and municipalities to obtain their support, assistance, and guidance. In enhancing the awareness of service, they should learn from Comrade Li Runwu, who is an example of serving the people and who represents the main trend of Beijing's cadres. For dozens of years, he worked arduously and practically; performed official duties honestly and conscientiously; devoted himself heart and soul to the cause of the party; wholeheartedly served the people; and gave his all till his heart stopped beating. We should emulate his good spirit and good style of work.

2. Clarify ideas and resolutely grasp their implementation with a view to changing the economic structure and economic growth pattern. Wei Jianxing said: It takes time to straighten out the guiding ideology for Beijing's economic work. However, we cannot wait till all the problems are solved. We should firmly grasp implementation in the course of clarifying ideas and enhancing understanding. Participants in this meeting have conducted warm discussions and offered many good opinions and suggestions for successfully doing this year's economic work. What has been much discussed is Beijing's industry. Participants hoped that the municipal party committee and government would adopt resolute measures in a timely manner to conscientiously grasp

Beijing's industry. The questions facing Beijing's industry are numerous indeed, such as how to increase investment, accelerate the technological transformation of old enterprises, develop new and high technology industries, and readjust the industrial structure. All are major issues related to the overall situation, and thus we should unite our understanding and strengthen our unified planning and coordination. First, we should foster the overall point of view. In conducting reform, reorganization, and the renovation of Beijing's industry, and in strengthening the management of Beijing's industry, we must have the concept of a large Beijing and must give consideration to the overall situation. In handling affairs, we should mainly take the overall situation into account, rather than giving consideration to a single department, a single trade, a single locality, or a single unit. Second, we should strengthen our centralized and unified direction. The municipal party committee and government have decided to organize a leading group composed of pertinent Standing Committee members of the municipal party committee and government, as well as pertinent vice mayors of the municipality, with Executive Vice Mayor Jin Renqing assuming overall responsibility, in an effort to study, consider, and handle the issues on industrial reform and development in a unified and all-round manner. All units and localities should foster an overall point of view and consciously subject themselves to the unified direction. Anyway, we cannot miss the chance again. Such an idea on industry is also suitable for other work. Agricultural, commercial, urban construction, civil administrative departments should also foster an overall point of view and the concept of viewing the situation as a whole, and should strengthen the centralized unification and leadership as well as unified planning and coordination. Only by doing so for many years, we can make a new progress in developing an economy suitable for Beijing's characteristics as a capital. In doing the economic work, we must have our feet planted on solid ground and strive for practical results. Every unit and every locality should engage in some tangible deeds every year, and should mobilize and encourage the masses to work hard together for fulfilling all work targets and tasks.

3. Put the building of spiritual civilization in an even more prominent place. Wei Jianxing said: Whether or not we can achieve success in building spiritual civilization has a direct bearing on the smooth realization of the Ninth Five-Year Plan and the 2010 Long-Term Target, on the success or failure in the socialist cause, and on the question of what kind of China will be brought to the 21st century. Hence, we must always persist in the principle of vigorously building material and spiritual civilizations simultaneously. The central authorities

have repeatedly demanded us to put the building of spiritual civilization in an even more prominent place.

Wei Jianxing pointed out: In building spiritual civilization, we should pay attention to approaching problems by looking into both the root cause and symptoms. When building spiritual civilization, we should begin with the basic work in line with the basic task of training socialist citizens who have lofty ideals, moral integrity, cultural accomplishments, and the sense of discipline and improving the ideological, moral, scientific, and cultural expertise of all nationalities. At the same time, we should also begin with the work of correcting and checking all the evil phenomena really existing currently. In building spiritual civilization, we should integrate the formulation of the long-term plan with the achievements scored at the present stage. We should start from specific matters one by one. We should first get on with the problems with which the masses are concerned most and of which the masses have complained most. The building of spiritual civilization should be combined with the strengthening of urban management and service. In building spiritual civilization, unified leadership should be intensified as well. Leading cadres at all levels should enhance their awareness and sense of responsibility in building spiritual civilization and permeate the building of spiritual civilization to all the work concerning economic construction. The building of spiritual civilization should be grasped by the entire party, by all levels of governments, by all professional departments, and by all principal leaders. Otherwise, we cannot achieve success in building both spiritual and material civilizations.

Wei Jianxing said: Beijing's spiritual civilization still lags far behind both the demand of the central authorities and the expectations of the people throughout the country. Hence, Beijing must be modest and hard-working, get down from its high horse, admit its deficiencies, find out its shortcomings, and strive to meet the demands and expectations. Beijing should modestly learn from the advanced experiences of fraternal provinces and municipalities, particularly the advanced experience of Zhangjiagang in building spiritual civilization, in order to improve its own work. Beijing should be modest in studying and keep improving its work, just like Beijing's public security traffic policemen did, in order to promote the building of spiritual civilization throughout the municipality with a fine mental state.

4. Intensify the ideological and political construction of leading bodies. Wei Jianxing stated: The constant deepening of reform, the further expansion of opening up, and the gradual establishment of the socialist market economic system have posed a new and grim test for leading cadres at all levels. The only way to meet the

demands of the new situation is to constantly strengthen political and ideological construction among leading cadres at all levels, and to enable leading cadres to stress studies, politics, and healthy trends as demanded by Comrade Jiang Zemin. The central authorities have repeatedly pointed out that most cadres in Beijing are good and have maintained political unanimity with the CPC Central Committee. However, it should also be clearly noted that Chen Xitong's serious mistakes and Wang Baosen's criminal offenses have exerted a negative impact on Beijing's work, have damaged the atmosphere, and have destroyed some cadres. This lesson is extremely profound. Thus, strengthening ideological and political construction among leading bodies is even more immediate and urgent in Beijing.

Wei Jianxing pointed out: In strengthening the building of ideological and political construction, the most fundamental thing is to demand leading cadres embrace a firm Marxist outlook on the world and on life, to constantly enhance their concept of party spirit, and to improve their ability of resisting corruption and peaceful evolution. This is a long-term task. When viewed from the current situation, leading cadres should be able to persist in the correct political orientation, enhance consciousness in observing the party's political discipline, stick to the principle of emancipating the mind and seeking truth from facts, carry forward the work style of arduous struggle, and persistently wage a struggle against corruption. In strengthening ideological and political construction among leading cadres, we should first depend on education, then depend on management. We should strengthen the study of Marxism-Leninism-Mao Zedong Thought and Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; should conduct education centered around straightening out ideas, improving work styles, and intensifying discipline; and should closely combine education with the emulation of such advanced figures as Kong Fansen and Li Runwu in order to enhance the cadres' concept of party spirit and enable them to respect, examine, warn, and encourage themselves. At the same time, proceeding from Beijing's realities, we should set strict demands on leading cadres, exercise strict supervision over leading cadres, and make leading cadres strictly enforce discipline.

Wei Jianxing pointed out in his speech: From now until early April, Beijing Municipality and various districts and counties will respectively convene their people's congress sessions and sessions of the Chinese People's Political Consultative Conference. This is a major event in the political life of all people in the municipality. Party committees and governments at all levels should pay high attention to these sessions and meticulously make good preparations to ensure the



smooth convocation of these sessions. At the same time, people of all nationalities in the municipality should be mobilized and encouraged to work hard in unity under the leadership of the CPC Central Committee, with Comrade Jiang Zemin as the core, and under the guidance of the party's basic theory, basic line, and basic principles in order to fulfill all the tasks set for the first year of the Ninth Five-Year Plan.

**PRC: Beijing Plans Modern Municipal Port System**  
**OW0702010296 Beijing ZHONGGUO XINWEN SHE**  
**in English 1303 GMT 6 Feb 96**

[FBIS Transcribed Text] Beijing, February 6 (CNS) — Beijing plans to build an inland port featuring a modern port system in 15 years.

Experts from the municipality, as well as from 18 other provinces and cities have held a meeting, studying the feasibility of the proposal modelled on the town of Ipoh in Malaysia.

The proposal has been worked out by the port office of the municipal government. Following revisions made at the meeting, the proposal will be submitted to the superior administrative department for approval.

According to the proposal, Beijing will develop port facilities to take advantage of its favorable conditions. The proposal envisages a modern system featuring air, ground and sea transport services to improve communications with the outside world.

Beijing houses an international airport and two ground ports, the Chaoyang highway and the Fengtai railway. The Chaoyang highway is managed under the supervision of the Beijing Customs. It provides great convenience for transport in and out of the municipality.

A short term goal has been set for the port scheme. Priority is to be given to the development of air transport services, and the Capital International Airport, presently under expansion, will be transformed into an Asian air hub.

Site selection for the second airport is nearing completion. Construction of highways and railway lines will also enjoy priority.

**PRC: Beijing Customs Bureau Cites 1995**  
**Smuggling Cases**

**OW0202140896 Beijing ZHONGGUO XINWEN SHE**  
**in English 1205 GMT 2 Feb 96**

[FBIS Transcribed Text] Beijing, February 2 (CNS) — In 1995 Beijing Customs Bureau solved 430 cases of smuggling that involved a total of RMB (Renminbi) 190 million, according to an official news release.

Compared with 1994, the total number of cases had risen by 60 percent. The most common methods used by smugglers was the shipment of drugs under cover of other legitimate merchandise through legal shipping channels and the shipment of contraband vehicles with the aid of fake invoices, shipping documents and seals.

From the 12 cases of car smuggling that involved counterfeiting invoices and supporting documentation, illegal assembly, falsification of brand-name vehicles and evasion of customs tariffs, a total of 88 vehicles worth RMB 70 million were seized.

In addition, customs officials also seized some 3,000 historical relics in 90 separate incidents, 38,000 reactionary leaflets and audio-visual products, 7,700 obscene publications and 13 endangered species.

**PRC: Shanxi Capital Opens Electrified Railway**  
**Segment**

**OW0702040996 Beijing XINHUA in English**  
**0320 GMT 7 Feb 96**

[FBIS Transcribed Text] Taiyuan, February 7 (XINHUA) — A key stretch of an electrified railway has been opened to traffic. It adds an important arm in the transport of coal from Taiyuan, the leading coal producer of Shanxi Province, to other parts of the country.

The 51.5-kilometer-long electrified stretch is part of a rail linking the provincial capital of Taiyuan with Lanxian County. Located in the mid west of the province, the railway is considered a major passage for the shipping of Shanxi coal.

Work started on the electrification programme in December 1992. When fully completed, the railway will be able to double its handling capacity.

**PRC: Increase in Tianjin Cargo Handling,**  
**Passengers Cited**

**OW0602031196 Beijing XINHUA in English**  
**0221 GMT 6 Feb 96**

[FBIS Transcribed Text] Tianjin, February 6 (XINHUA) — Tianjin Port, the largest in north China, handled 57.86 million tons of cargo in 1995, which was one of the biggest growths recorded in the country.

Among them, there were 35.34 million tons of imports and exports valued at 21.7 billion US dollars, which was a rise of 35 percent.

Tianjin Airport, which was upgraded to an international airport last year, handled over 57,300 tons of cargo and mail, up 64.8 percent over 1994.

Meanwhile, the airport received 4,621 sorties of chartered passenger and cargo planes, a rise of 63.7 percent, and handled over 75,000 passengers.

The municipality completed the building of its first cross-sea highway bridge, which is over 1,300 m in length.

In another move, the Tianjin Container Terminal, the largest international container terminal in China, was fully computerized last year.

The customs, commodity inspection and quarantine offices have simplified procedures in a bid to facilitate the cargo and passenger flow.

In addition, the city has worked out measures for putting into practice the central government's stipulations on checking international vessels entering and exiting China.

**PRC: Tianjin Plans Petrochemical Industry Base**  
*OW0602041496 Beijing XINHUA in English*  
0319 GMT 6 Feb 96

[FBIS Transcribed Text] Tianjin, February 6 (XINHUA) — This major port city in north China plans to build a petrochemical industry base near the Dagang Oilfield in the next few years.

With a total area of about 660 ha, the industrial base will include a petrochemical corporation, an ethylene project and a polyester project.

According to a government official, Tianjin will introduce a large amount of foreign funds and batches of advanced equipment during the course of construction of the base.

As an important part of the ambitious program, the Tianjin Petrochemical Corporation, which boasts an annual refining capacity of 3.4 million tons of crude oil, is negotiating with an overseas company to build a 200,000 ton polyester project which will cost 14.6 billion yuan.

The ethylene project, capable of turning out 140,000 tons of products annually at present, is expected to be expanded to reach a capacity of 400,000 tons.

An official with the Tianjin Petrochemical Corporation said that his company has already spent 300 million yuan building a specialized berth for transporting petrochemical products.

## Northeast Region

**PRC: New Life for Harbin's Industrial Enterprises**  
*OW3001111396 Beijing XINHUA in English*  
0830 GMT 30 Jan 96

[FBIS Transcribed Text] Harbin, January 30 (XINHUA) — Remarkable achievement has been made in upgrading technology of state-owned enterprises in this capital of northeast China's Heilongjiang Province, which is an important industrial base in the country.

During the past five years, local officials said, the province invested a total of 10.8 billion yuan in 655 key projects which are expected to add 18.45 billion yuan in output value and 2.84 billion yuan in pre-tax profits after going into operation.

With its more than 4,000 large industrial enterprises, the city plays an important role in China as well as in Asia in manufacturing equipment for hydro-electric power and thermal power stations, and for the aircraft, pharmaceutical, tool, and bearing industries.

However, outmoded technology and equipment, and a major shortage of funds blocked these enterprises' development. To change the situation, the province has imported more than 1,000 sets of equipment and 200 items of technology from abroad to breathe some new life into its medium-sized and large state-owned enterprises.

Additional effort has also been put into developing new production lines and into restructuring the product mix.

**PRC: Heilongjiang's Achievements in Power Construction Noted**

*SK3101135896 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 29 Jan 96*

[FBIS Translated Excerpt] During the Eighth Five-Year Plan, Heilongjiang has made rapid headway in building power facilities. In the five years from 1991 to 1995, the provincial power industrial front, after surmounting numerous difficulties, invested 7.97 billion yuan in building power facilities, an increase of 112 percent over in the Seventh Five-Year Plan. The province's installed capacity increased by 2.32 million kilowatts; the power generation volume reached 1,080 billion [kilowatt hour] kwh, an annual average increase of 5.6 percent over the Seventh Five-Year Plan; another 921 km of 220-kilovolt power transmission lines were built; and the communications technology and equipment for managing power grids attained domestic advanced levels.

In addition, the 500-kilovolt (Dong-Chang-Ha) power transmission and transformation project, the first of



its kind in our province; the (Lianhua) hydropower station, the largest of its kind in the province; and the 600,000-kilovolt thermal power generation unit, the first of its kind in the province, were built. Construction of the Qitaihe Power Plant with loans from the Asian Development Bank rewrote the province's history of building power infrastructure facilities with foreign capital. [passage omitted]

**PRC: Heilongjiang Uses World Bank Loan for Phone Project**

*SK0502043096 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 2 Feb 96*

[FBIS Translated Text] The provincial post and telecommunications department has used World Bank loans to introduce 184,000 lines of program-controlled telephone switchboards. The contract purchase signing ceremony was held in Harbin on 2 February. The UN development bank will provide a \$14.45 million loan for this project. The Ministries of Finance and Telecommunications will be responsible for the reloan. The loan period is 20 years. This sum will be used mainly to expand the capacity of city telephones in the province's six cities and counties, including Qiqihar, Mudanjiang, Jiamusi, Hailin, Hulin, Mishan. The 184,000-line telecommunications equipment will be put into operation by March 1997.

**PRC: Heilongjiang Reports 1995 Wasteland Development**

*SK3001101896 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 29 Jan 96*

[FBIS Translated Text] The rural areas of our province saw great progress in reform and opening up in 1995, and promoted the agricultural economy to a new degree.

The agricultural economy — including the development and use of land resources, the reform of the Wugiao water conservancy works, the fine processing of farm and sideline products, and the various regional industrial developments — presented one vast scene of prosperity.

One of the most important tasks in 1995 rural reform has been achieving great progress in developing and using land resources. After Muling County auctioned barren hills, wasteland, waste grassland, waste beaches, and wastewater areas for the first time, the flames of auction spread far and wide to all the rural areas. Throughout the year the right to use as much as 12 million mu of land was transferred, increasing by 5.6 times compared to the previous year. This accounted for 27 percent of available resources. As a result, waste areas were changed into valuable land, and our resource superiority became economic superiority. The property right reform of the

Wugiao Water Conservancy Works also achieved some good results. Small-scale water conservancy works in our province — such as small reservoirs, dykes, motor-driven wells, water-pump stations, and tap-water pipes — had not clearly defined their property rights for a long time. Last year the whole province made great efforts to disseminate the experiences of the property right reform of the five (Lanxi) small-scale projects. It transferred all the 480,000 spots of the Wugiao Water Conservancy Works, which needed reform, through forms such as contracting, selling, leasing, and shareholding. Consequently, the small-scale water conservancy works entered the market and were utilized again, after being discarded for many years. They played proper roles in fighting against natural calamities.

Heilongjiang's abundant agricultural resources and considerable economic returns attracted many foreign investors to comprehensively explore agriculture in our province. Last year the ROK's Continental Development Corporation took the lead in planning a modern farm in the Sanjiang Plain. The World Bank was also very concerned about our land-abundant province. An agreement to use loans to develop our land resources was approved by the bank's headquarters. Some domestic businessmen also came to our province to invest in developing barren hills, wastelands, waste grassland, waste beaches, and wastewater areas. The Dalian Development Zone and the Heshun Economic and Trade Group reached an agreement with our provincial Comprehensive Agricultural Development Corporation to co-invest in developing 110,000 mu of cultivated land in Wuling County. Shenzhen's Haowei Agricultural Development Corporation cooperated with related departments in Heilongjiang to co-invest 30 million yuan in developing 400,000 mu of wasteland along the Wusuli River. The Sanjiang Plain has a vast land area but a small population. The peasants from the Suihua and Songhua Jiang Prefectures took the initiative in going to the Sanjiang Plain to grow rice, and they became rich. Last year, 100,000 peasants from the Suihua Prefecture alone went to the Sanjiang Plain to cultivate nearly 600,000-mu of land.

The fact that the province had a vast area but was not strong had bothered our province's agricultural economy for many years. Since last year Heilongjiang's industrialization drive has become the central task of rural economic work. This modern economic mode for agriculture brought traditional agriculture into the track characterized by regional layout, professional production, coordinated management, socialized service, and enterprise-oriented administration.

There are more than 7,300 leading enterprises that focus on fine processing. Regional industrial development

plants were initially formed. Advancing industrialization is accelerating the drive to add value to processing farm and sideline products, and it is greatly enhancing the overall strength of the rural economy.

**PRC: Wang Yunkun Elected Jilin Governor**  
*OW0702021996 Beijing XINHUA in English*  
 0154 GMT 7 Feb 96

[FBIS Transcribed Text] Changchun, February 7 (XINHUA) — At the Fourth Session of the Eighth Jilin Provincial People's Congress, which closed here Tuesday, Acting Governor Wang Yunkun, 54, was elected as the governor of the northeast China province.

Jilin is one of China's major grain producers.

At the same session Li Zhengwen was elected vice-chairman of the Standing Committee of the Provincial People's Congress.

**PRC: Liaoning Curbing Industrial Pollution**  
*OW0602041696 Beijing XINHUA in English*  
 0302 GMT 6 Feb 96

[FBIS Transcribed Text] Shenyang, February 6 (XINHUA) — Environmental deterioration in the cities of northeast China's Liaoning Province, one of China's main bases of heavy industry, has been brought under control thanks to efforts by all sectors.

Liaoning Province has become one of the most polluted areas in China simply because of the concentration of the metallurgical, machinery, petrochemicals and energy industries.

The leading officials of the province have pointed out that priority should be given to environmental protection, especially to the handling of major pollutants.

Since 1992 Liaoning has poured 2.1 billion yuan (about 230 million US dollars) into more than 5,100 environmental protection projects and managed to integrate the work of environmental protection with the readjustment of old industrial bases.

Liaoning has also reinforced its protection of water by investing 380 million yuan to deal with major pollutants: Some 80 projects have been completed to treat 77 million tons of sewage annually, and another 16 projects have been set up which have an annual capacity of saving 36 million tons of water.

The dust fallout and discharge volume of industrial waste water have declined considerably in the province's cities since 1980, while the provincial gross industrial output value has jumped by 183 percent and the volume of fuel coal has increased by 50 percent.

To date, the industrial waste gas treatment rate in the province has reached 77.5 percent and 78 percent of its disposed industrial waste water has been up to the country's relevant standards.

**PRC: Liaoning Governor Reports on Goals for Opening Up**

*SK0402031196 Shenyang LIAONING RIBAO*  
 in Chinese 10 Jan 96 pp 1, 2

["Excerpts" of work report by Wen Shizhen, governor of the Liaoning Provincial Government, at the provincial opening-up work meeting convened in Shenyang on 9 January]

[FBIS Translated Text] The provincial opening-up work meeting convened this time is the first important meeting convened by the provincial party committee and the provincial government. The function of the provincial opening-up work meeting held early last year was mainly to unify our understanding and clearly define the basic thoughts for the strategy of promoting the whole economy through export-oriented economy. The aim of this meeting is mainly to clearly define our mission and our responsibility with a view to achieving success in implementation. In the first year of the Ninth Five-Year Plan, a key year in implementing the strategy of promoting the whole economy through export-oriented economy, we should make a good start in the work of opening up to the outside world and lay a solid foundation for carrying out the strategy in the Ninth Five-Year Plan period.

#### 1. Understand and Assess the Situation, and Grasp the Opportunity of Opening Up to the Outside World

In the Eighth Five-Year Plan period, especially during last year, our province maintained a fairly fast development under the situation that competition in all respects tended to be keen and all the conditions were not very relaxed. In every aspect, such as the introduction of foreign funds, export and import, the export of local products, foreign economic and technological cooperation, and friendly relationship with foreign countries, we achieved new results, initiated a new situation, and enhanced them to a new height. Particularly in using foreign funds, high-tech projects, large-scale projects, and projects in cooperation with foreign large-sized companies and enterprises have been on the increase. More than 100 projects obtained the agreed foreign fund worth over \$10 million. Cities such as Dalian, Shenyang, and Fushun, and petrochemical, machinery, and electronics industries achieved notable results in using foreign funds.



At the same time, in reviewing the past and summing up our results, we should also clearly perceive the development and changes of the domestic and international situations as reform and opening up go deeper and expand. In particular, the state conducted important reform and adjustment in import tariffs, and this will bring us many new situations and new problems when we carry out our strategy of spurring the whole economy through export-oriented economy. In the near future, foreign funds and products will pour into our country and further intensify the domestic market competition and bring tremendous pressure on our province. On the other hand, it also brings great impact on the foreign enterprises which maintain themselves through duty drawbacks because of the high export cost in terms of foreign exchange. Meanwhile, it will also produce new influence upon the drives of introducing foreign funds, introducing technology, and establishing joint enterprises. Because some countries in the Asia-Pacific region and South America, and our neighboring countries compete for a better investment environment and adopt more flexible policies, more idle funds flow to them. The opening up of coastal provinces in the southeast part of our country maintain a strong momentum to develop. Some inland provinces also open up wider one after another. We may say that the competition pressure at home and abroad is overwhelming.

The challenge we face is severe, but the opportunity we face is hard-won. We have the conditions conducive to further opening up, achieving new results, and striving for a new victory. First, the transformation and adjustment of the old Liaoning industrial base has attracted vast attention from the world. Recently, business communities and the financial fields of Japan, West Europe, North America, and the ROK, have expressed their intentions to participate in the transformation and adjustment of the old industrial base. The number of internationally well-known big companies and big financial groups coming to invest in Liaoning has increased notably. Second, the transformation and adjustment of the old industrial base are taking place at the same time when the new round of industrial structural adjustment is evolving in Western developed countries, thus supplementing each other in terms of substance. With many old enterprises and a rich industrial foundation, Liaoning is an ideal place for Western developed countries to transfer their industries as well as a province where they will easily find their cooperation partners. This has provided our province with a rare favorable chance to use foreign capital. Third, our province has clearly defined the orientation and tasks for readjusting the industrial structure and basically defined some key projects for foreign traders and for development with foreign capital in 1996 and 1997. Simultaneously, over the past

10 years or so since the implementation of the reform and open policies, the province has accumulated some experiences in expanding contacts with foreign countries, continued to perfect its investment environment, and gained the advantages of having larger amounts of assets and quickly assimilating advanced technologies. Fourth, the strategy of the export-oriented economy to promote the overall economic development, as set forth at the eighth provincial party congress, has stricken root in the hearts of the people and is turning itself into a motivation to enable all localities and departments as well as the broad masses of cadres and the people to grasp reform and promote reform, transformation, readjustment, and development.

Under the circumstances where challenges and favorable chances coexist, and difficulties and expectations run neck and neck, we must emancipate the mind, judge the hour and size up the situation, and grasp favorable chances to make a new breakthrough in opening the province to the outside world. That is, we should persist in the "three-conductive" standards, wipe out all ideological obstacles, make our ideas and the mode of thinking suitable to the new situation in accelerating the pace of linking with the international market, take the overall situation into consideration, grasp the opportune moment to advance forward, grasp the favorable chances to develop ourselves, and make a new breakthrough in opening to the outside world through the challenge of tiding over difficulties.

## **2. Define Guiding Ideologies and Fighting Targets and Create Another New Opening-Up Situation**

According to the general requirements as set forth at the provincial economic work conference and in line with the new situation of opening the province to the outside world, we set forth the following guiding ideology for opening up in 1996: We should deeply implement the guidelines of the fifth plenary session of the 14th party Central Committee, the eighth provincial party congress, and the provincial economic work conference; comprehensively carry out the strategy of developing the export-oriented economy to promote the overall economic development to serve the "two fundamental changes"—the economic restructuring and the change of the economic growth mode—focus on transforming old enterprises with foreign capital and technology; expand the dynamics of inviting businessmen and introducing capital; vigorously promote the optimization of structures and the implementation of the strategy of rejuvenating the province with science and education; pioneer new markets; accelerate the construction of the export commodity bases with the focus on upgrading the results in creating foreign exchange through export and

enhancing the ability in creating foreign exchange; positively develop economic and technological cooperation with foreign countries persistently in line with the policy of "promoting the development in two aspects based on contracts"; further strengthen the construction of the investment environment with the focus on upgrading the quality of the personnel handling foreign affairs; bravely do pioneering work; strive to make real achievements; and create another new situation in further widely and deeply opening the province to the outside world and ensuring the quality of opening up. This year, we should attach importance to grasping the work in four aspects: First, according to the general requirements of the Ninth Five-Year Plan, the province, cities, counties, and trades should map out their own plans, including annual targets, major tasks, the projects to be completed, new construction projects, the projects of which the contracts will be signed, the projects which will be negotiated, and persons in charge of these projects; and turn the implementation of the export-oriented strategy into a real act. Second, we should expand the dynamics of inviting businessmen and introducing capital so as to ensure the completion of a group of projects and make them available to users, start the construction of another group, make a plan for the other group, sign a number of contracts, and hold talks on a number of projects by the end of this year. Third, try every possible means to increase the efficiency in creating foreign exchange through exports. We should not only ensure an increase in the export volume over the previous year, but also create better economic results. Fourth, we should further improve the investment environment, strengthen the construction of the intangible environment, rectify weak links, and upgrade the quality and efficiency of service.

According to the general targets covered in the export-oriented strategy of the Ninth Five-Year Plan period, we have defined the main fighting targets for 1996 as follows:

Our goal is to sign agreements that would use more than \$3.8 billion in foreign capital, of which foreign loans should total \$300 million; however, at least \$2.2 billion in foreign capital should be used, an increase of 10 percent over the previous year.

On the premise of ensuring economic results, we should export \$6.5 billion worth of local products, an increase of 3.2 percent over the previous year.

Contracts for construction projects and exporting laborers, involving \$670 million, should be signed, an increase of 3 percent; business volume should total \$350 million, an increase of 13 percent; and the year-end number of laborers working abroad should total 26,000, an increase of 4 percent.

Some \$190 million worth of technologies should be exported, an increase of 5 percent; some \$311 million worth of technologies should be imported, an increase of 13 percent.

### **3. Stress Key Points, Pay Firm Attention to Implementation, and Make New Headway in Widely and Deeply Opening Up the Province to the Outside World and in Ensuring a High Quality of Opening Up**

To realize the general targets for opening up in 1996, we should attach importance to the work in the following six aspects:

First, grasp the historical development trend and further enhance the awareness of opening up. Being connected with the international market is the ultimate goal of deepening the economic restructuring as well as the general economic development trend. To transform the old industrial base, Liaoning needs a lot of capital, technology, talent, and management experience. Upgrading the level of opening up, expanding the scale of opening up, and promoting a deep development of opening up are fundamental measures for solving the problems in capital, technology, talent, and management. Along with the development of opening up, from now on increasingly more international capital and foreign products will enter the PRC's market. We must fully understand this situation, eliminate both misgivings obstructing the progress of opening up and the thinking of closing the door, and enhance the awareness of opening up. Leading cadres at various levels across the province, including those in coastal areas and the hinterland as well as those in urban and rural areas, must strengthen the sense of crisis and the sense of urgency for opening up. In comparison with the central and western regions in the PRC, all of our province's cities and counties are coastal areas, having advantageous conditions for opening themselves up to the outside world. The key hinges on whether the leaders at various levels have a strong sense of opening up and whether they do their work more solidly.

We must pay attention to opening up the province not only to foreign countries but also domestic areas. At the time of introducing capital and technology, we should do a good job in conducting cooperation with other provinces, municipalities, and regions.

Second, we should give full scope to Dalian's leading role in opening up and should enhance its influence over the hinterland. "Holding the banner of opening up Dalian to the outside world and acting in the opera of transforming the old industrial base" is a key idea put forward by Comrade Li Ruihuan during his inspection in Liaoning as well as a measure set forth for summing



up the Zhujiang and Changjiang Deltas. We should conscientiously study and implement it. Dalian should further bring into play its regional, port, financial, and environmental advantages to do a good job in opening up, in developing new high-tech industries, and in calibrating the banking market; to effectively organize its development zones; to expand the service functions of its ports; to accelerate the pace of making a start in opening up parts of Lushun to the outside world; to make itself continuously play a leading role in opening up northeast China to the outside world; and to play an exemplary role in the entire province to promote the reform of the economic system and the economic growth model. We should organically coordinate the opening up of Dalian to the outside world with that of the cities around Shenyang and that of the western province, with Jiaozhou as its "window," so as to form, step by step, a pattern of opening up the entire province to the outside world. Simultaneously, we should accelerate the construction of the Yingkou and Dandong Development Zones in order to foster a new image as quickly as possible.

Third, we should give impetus to invite business and the introduction of capital and strive to achieve new breakthroughs. The priorities for inviting business and the introduction of capital this year are: Old enterprises conducting major technological transformation during the Ninth Five-Year Plan period should make use of the two major resources of industry and agriculture to develop intensive processing industrial items, major infrastructure facilities, and seven major items on agricultural industrialization. In line with these four priorities and the demands of "putting a number of projects into operation, starting a number of projects, signing a number of contracts, holding talks on and planning for a number of projects during the year," the provincial foreign economic and trade department, the planning commission, the economic and trade commission, the agricultural office, and the agricultural department have listed out a number of items and submitted them to this meeting for discussion and study. Through further coordination, revision, and perfection, the provincial government will issue them to competent departments of all cities and various trades and professions for implementation in the form of formal documents. The work priorities of the provincial authorities are to concentrate efforts to organize projects each with an investment of over \$5 million (projects on agricultural industrialization each with an investment of \$1 million), organize competent persons to vigorously search for cooperative partners, hold in-depth trade talks, sign 100 contracts during the year, hold trade talks to promote the conclusion of 100 project agreements, make the amount of foreign capital involved in each agreement reach \$1 billion or more,

allocate funds on a monthly basis, and grasp the work through to the end until desired results are achieved.

We should broaden the channel of using foreign capital, explore new ways for using foreign capital, and strive to seek cooperation with international financial capital. 1) We should boldly explore ways to carry out management on a commission or leasing basis. 2) We should take active and reliable steps to conduct experiments on "exchanging technology and funds with stock rights." 3) We should actively organize enterprises outside the territory to jointly make investments in the province. We should strive to achieve breakthroughs in using financial capital to push various industries to invest their capital in the province.

We should improve the method of inviting business from outside the territory. We should do a good job in inviting business of a special line of production, with enterprises as the main bodies and projects as our focus. We should adopt effective measures to vigorously promote economic and technological cooperation with Germany, Japan, the United States, ROK and other friendly provinces and cities. We should conscientiously grasp well several large-scale business invitation activities this year: 1) In coordination with the Ministry of Foreign Trade and Economic Cooperation, we should organize a meeting to explain Liaoning's industrial structural adjustment, transformation, investment, and cooperation of the Ninth Five-Year Plan period which will be held in Beijing in March during the time when the two "national sessions" are held. 2) We should make use of Dalian's "trade fair" to make efforts to invite businesses and the introduction of capital, and take advantage of the occasion of relocating the site of the trade fair to turn the Dalian trade fair into more successful fair with broaden sphere, larger scale, and greater influence. 3) We should vigorously organize business invitation activities during the "September 8 Fujian trade fair" to be held in Xiamen, which is focused on attracting Taiwan investments, and should cultivate Liaoning's new image on the work towards Taiwan. 4) We should make use of the occasion to celebrate the 10th anniversary of the establishment of friendly relations between Liaoning and the Bavaria State to hold a Liaoning economic and trade fair in Germany and promote business invitation with Germany and other neighboring countries. 5. In line with the decision that the state plans to hold comprehensive activities inviting businesses in Hong Kong, France, Great Britain, the United States, and Canada, the provincial foreign economic and trade department should organize special business invitation delegations or groups to strengthen business invitation and introduction of capital in these areas. The sponsored units

in the province will formulate specific implementation plans for the aforementioned activities.

We should conscientiously implement the demand of the state on strictly forbidding people to use public funds for foreign trips, strictly examine and approve foreign trips, go through examination and approval procedures, and safeguard our image in foreign countries.

Fourth, we should increase efficiency, and take further steps to expand exports. The greatest issue in exports we face now is how to increase efficiency since the new situation is that the tax refund is largely reduced and the control over importing material to process is strengthened. Therefore, in our guiding thoughts for work, we should insist on changing from solely attaching importance to the export scale to attaching equal importance to scale and efficiency, and persist in the strategy of winning through good quality and market diversification.

1) We should make use of the transformation and adjustment of the old industrial base to achieve success in the construction of a base for export commodities, and take further steps to implement the project of "establishing dragon-head products." We should stipulate a concrete plan aiming to fulfill the target of forming 100 "dragon head" products with an annual foreign exchange earning over \$10 million at the end of this century. This year, particular attention should be paid to the construction of a commodity base, which has 15 enterprises earning foreign exchange amounting to more than \$50 million and 30 enterprises earning foreign exchange ranging from \$20 million to \$50 million. We should professionalize production and obtain efficiency through intensive management. 2) We should make use of the transformation of the old industrial base to increase the export of technology-intensive products such as machinery and electronic products, chemical industrial products, light and textile products, metallurgical products, and resource fine processing products in a view to achieve efficiency through technological advancement. 3) We should continue to the deepen system reform of foreign trade. It is imperative to achieve success in the experiment of establishing general trading companies and implementing shareholding system. A foreign-trade group force should be organized and established. Enterprise groups such as Huaxi, Yadong and, Chengda should be consolidated, perfected, and developed. By so doing, we can obtain efficiency through scale management. Fourth, we should strengthen management over foreign-trade enterprises. The main leaders of enterprises should assume the responsibility to pay firm attention to inner management, improve the administration of funds and expenditures, work hard to explore markets, develop direct marketing as much as possible, and reduce foreign exchange costs. By so

doing, we can obtain efficiency through good management.

Fifth, we should actively develop economic and technological cooperation with foreign countries. The work of foreign economic relations is a weak link in our drive of opening up to the outside world, and it is worthy of our high attention. We should insist on the principle of making use of contracts of undertakings to spur the export of machinery and electronic products, complete sets of equipment, technology, other products, and labor forces. Great efforts should be made to develop and strengthen coordination between the companies given the right to engage in activities of foreign economic relations with the departments of design and consultation, foreign trade companies, state-owned large and medium-sized enterprises, and banking departments. Further steps should be taken to improve coordination between work of foreign economic relations with foreign trade, import and export of technology, and economic aid in a view to form a situation in which all the above-mentioned sectors rally together, coordinate closely, and develop together the foreign economic and technological cooperation. We should organize large economic-work contingents to engage in activities of foreign economic relations. The focus should be orienting large and medium enterprises to markets, giving the right of dealing with foreign economic relations to large and medium-sized enterprises with sound strength and good conditions, striving to assist the cities without the right to manage foreign economic relations to possess the right, and exploring a large-scale foreign economic relations featured by the combination of the economy and trade, mutual supplement with one's own superiority, and giving full scope to superiority of alliance of different sectors.

We should grasp the opportunity that the state is reforming the work of aiding foreign countries; combine the work of aiding foreign countries with the drive of investing outside the border, foreign trade, and other mutually beneficial cooperation; and give our production equipment in old enterprises to foreign countries.

Sixth, we should make up our mind to increase investments on the intangible conditions construction in a view to achieve breakthroughs within this year. As the foreign-funded enterprises enjoy the same treatment as domestic enterprises step-by-step, the round of opening up this time moves from depending on preferential policies to depending on a good investment environment featured by scientific management, perfect legal system, and good service. This year, it is imperative for us to take improving the level of the intangible condition construction as the key link in the drive of optimizing the investment environment, and resolutely achieve good re-



sults. First, we should put in time and energy to intensify the management of trades as "showcases" for developing foreign relations, to enhance their working personnel's awareness of opening up, the sense of responsibility, and spirit of respecting their jobs so as to noticeably improve their quality of service. Second, we should put in time and energy to make the procedures for handling foreign affairs known to the public, upgrade work efficiency, and change work styles. Emphasis should be placed on carrying out the system of making three matters known to the public. That is, the departments for handling foreign affairs under the governments at various levels should make known to the public their work procedures, their systems and regulations for handling affairs, and their standards for collecting charges with a view to accepting the supervision by the masses. We should set up an external "showcase" to make the external service a coordinate process, set up an office for joint examination and approval of foreign-funded projects, and change the situation characterized by "excessive thresholds, complicated procedures, difficulties in handling affairs, and low efficiency." Third, we should put in time and energy to strengthen and perfect, according to the laws, the management and service of foreign-invested enterprises. On the basis of self-investigation and self-correction, we should concentrate time and energy to comprehensively check and straighten out the problems caused by the collection of charges other than taxes from three types of foreign-funded enterprises. Departments must not violate the laws, rules, and regulations to apportion expenses and materials from foreign-invested enterprises or to ask for transfer of personnel from these enterprises. Administrative departments must not collect unreasonable charges from enterprises, except for the administrative expenses as approved by the price department of the provincial government and the provincial financial department. Fourth, we should concentrate time and energy to vigorously select and cultivate the personnel with talent for developing the export-oriented economy. At present, we should focus on cultivating a group of talents who know both economics and foreign languages and realistically strengthen the in-service-training of the working personnel of foreign economic and trade departments and the external "showcase" units. Fifth, we should strengthen external propaganda. In line with the implementation of the strategy of developing the export-oriented economy to promote the overall economic development, the propaganda and press and publication departments at various levels should organize key forces to disseminate their units. We should fully use the chances of holding sales exhibitions and open-for-business ceremonies, paying official visits to foreign countries, and exchanging friendly contacts to expand the dynamics of external propaganda and

to upgrade the province's prestige. Through exchange of press and propaganda groups, we should further understand foreign countries and make them understand us.

Comrades: The time from now to the end of this century is a key period for Liaoning's reform and development and for deciding whether or not we can make new headway in implementing the key strategic measure for promoting the overall economic development through development of the export-oriented economy and in laying a good foundation for realizing the goal of development by the end of this century and even early in the next century. Nineteen ninety-six is a key year to implement the Ninth Five-Year Plan. The people from higher levels downward must firmly attend to the implementation of the strategy, make achievements in it, and make new contributions to rejuvenating the old industrial base.

### **Northwest Region**

#### **PRC: Ningxia Leaders Relay Economic Guidelines**

*SK1101050196 Yinchuan NINGXIA RIBAO  
in Chinese 15 Dec 95 p 1*

[FBIS Translated Text] The regional party committee held an enlarged Standing Committee meeting on 13 December. Huang Huang and Bai Lichen relayed the guidelines of the central economic work conference to party-member cadres at or above the deputy regional level and to the principal responsible comrades of comprehensive departments throughout the region. They also set demands on studying and implementation.

As demanded by related circulars, at the meeting Comrades Huang Huang and Bai Lichen, who had participated in the central economic work conference recently held in Beijing, relayed the full text of the important speech made by General Secretary Jiang Zemin at the central economic work conference entitled "Seek Unity of Thinking, Work in Unity, Struggle for Advancement, Stress Solid Results, and Make Next Year's Work a Success"; the full text of the important speech made by Premier Li Peng entitled "Attend to Next Year's Economic Work and Make a Good Beginning for the Ninth Five-Year Plan"; and the full text of the summation speech made by Vice Premier Zhu Rongji entitled "Make Continued Efforts To Achieve Success in Next Year's Economic Work."

After the relay and study, Comrade Huang Huang pointed out in his speech: The current central economic work conference is extremely important because it has comprehensively embodied the guidelines of the Fifth Plenary Session of the 14th CPC Central Committee, and has defined the general demand and major tasks on

the PRC's economic work for the next year. Successfully studying and implementing the guidelines of the speeches by Jiang Zemin, Li Peng, and Zhu Rongji is of great significance in making a good beginning for effectively engaging in next year's economic work; in consolidating and developing the major achievements scored during the Eighth Five-Year Plan period; in maintaining the good trends of reform, development, and stability; and in smoothly fulfilling all tasks during the Ninth Five-Year Plan period. Comrade Huang Huang demanded: In the last month of this year, we should unfailingly get on with economic construction, firmly grasp the control over commodity prices, attend to the production of readily marketable products, and improve market supply. During the New Year's Day and Spring Festival, party committees and governments at all levels should be extremely concerned with the daily life of the masses in disaster and poverty-stricken areas and with the workers of enterprises beset by difficulties, and should truly resolve their problems.

Comrade Bai Lichen said in his speech: As a token of studying and implementing the guidelines of the central economic work conference, and in combination with the region's reality, we must appropriately formulate the region's Ninth Five-Year Plan for economic and social development and the long-term targets for the year 2010. In January next year, the regional economic work conference will be held. At present, we should make good preparations. Leading cadres at all levels should profoundly comprehend the guidelines of the central economic work conference and concentrate efforts on implementation. At the end of this year and the beginning of next, we should try every possible means to reduce nonessential meetings and documents, to guard against empty talk, to avoid making a show and indulging in formalism, streamline various types of appraisal, and concentrate all the time and energy on doing various items of work well.

**PRC: NPC Deputies Inspect Ningxia Disaster Areas**  
 SK0602063996 Yinchuan NINGXIA RIBAO  
 in Chinese 14 Jan 96 p 1

[FBIS Translated Text] As a result of their inspections, our region's deputies to the Eighth National People's Congress [NPC] clearly stated: In 1995, our region exerted great efforts to tide over all unfavorable factors, focusing on the control of inflation, the strengthening of agriculture's role as the foundation of the national economy, the deepening of the reform of state-owned enterprises, the combating of disasters in the south, and the provision of relief to disaster-stricken people. It also maintained a sound and stable operation of the national economy.

From 5 to 11 January, fifteen of our region's deputies to the NPC—including Ma Sizhong, Bai Lichen, Yao Minxue, and Wang Yu—went to 10 counties and districts, six townships (towns), six administrative villages, some state-owned and cooperative large and medium enterprises as well as some individual- and civilian-run enterprises to inspect their situation in implementing the 1995 national economic and social development plan and the 1995 budget; in enforcing the laws governing agriculture, education, and the collection and management of taxes; in comprehensively improving the social order; and in developing the "vegetable basket" and "rice bag" projects. Through inspections, they understood that, despite the serious disasters last year, our region reaped better agricultural harvests; accelerated industrial production; halted the situation in which light industrial production fluctuated at a slow speed for three consecutive years running; made new achievements in key construction projects; maintained a good financial situation; ensured a more rapid increase in local revenues; and noticeably controlled inflation.

During the inspections, the deputies concentrated their efforts on understanding the southern mountain areas' disaster-fighting and disaster-relief situation. Despite the cold and windy weather, the deputies called on some peasant households facing difficulties and some facing exceptionally large difficulties, asking in detail about their production and living conditions as well as their existing problems and difficulties. Although the disasters have been reduced to the minimum through the positive efforts made since the beginning of last year by governments at various levels to combat disasters and provide relief to the disaster-stricken people, the masses in the southern mountain areas are unable to provide relief to themselves or to one another due to several consecutive years of drought. Thus, the disaster-stricken people are now living an extremely difficult life. Statistics showed that three-fourths of the agricultural population in Guyuan Prefecture are short of grain, as are some people in Yinnan Prefecture's Tongxin and Yanchi Counties. A considerable number of people have no food at home to tide themselves over the next day, thus creating extremely great difficulties for this year's spring farming. With such disasters, the public order is severe. Increasingly, more thefts, robberies, and cases of fighting with weapons between groups of people have appeared. The deputies unanimously suggested: We should pay great attention to the disastrous consequences in the southern mountain areas, should adopt positive measures to collect relief funds and seeds from various avenues for spring farming, and should help the people there solve their living and production difficulties. Ma Sizhong, deputy to the NPC and chairman of the regional people's congress Standing Committee,



suggested that after the serious disasters, we should further advocate the spirit and work style of seeking truth from facts, of waging an arduous struggle, and of being independent so as to clearly understand that they are short of grain and seeds, and ensure that the disaster-relief grain and funds should be sent to the masses in a timely manner.

The deputies to the NPC also inspected the market supply situation in Yinchuan.

**PRC: Xinjiang Commentary on Anticorruption Drive in Business**

*OW2201120796 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 17 Jan 96*

[Xinjiang People's Broadcasting Station and Xinjiang Television Network commentary: "Deepen the Anti-corruption Struggle, Rectify Unhealthy Practices in Trades;" from the "Xinjiang News" program]

[FBIS Translated Text] At the beginning of this year, the autonomous regional party committee and government made new arrangements for the anticorruption struggle. They pointed out that the emphasis of this year's struggle was to rectify unhealthy practice in various trades. The arrangements are a continuation of the work done in the past, with added emphasis, and will push forward the entire anticorruption drive.

Last year, the autonomous region carried out the anticorruption struggle in a down-to-earth manner, concentrating on stopping the unhealthy practice of using public funds for feasting and pleasure seeking. The notable success achieved in this struggle has inspired the vast number of cadres and masses and has given them greater confidence. It has ensured the smooth progress of reform, opening up, and economic construction. The Central Discipline Inspection Commission and the Ministry of Supervision highly appraised Xinjiang's practice and have recommended its experience to the rest of the country.

This year, the region has put forward a call for deepening the anticorruption struggle and rectifying unhealthy practices in various trades. It is aimed at developing the strong momentum of the anticorruption struggle built last year and consolidating and furthering its achievements.

Rectifying unhealthy practices in various trades does not mean merely regulating trades or optimizing their practices. It also incorporates the components of the anticorruption struggle. What it says is that our trades are afflicted with corruption as well as poor service. Abuse of power for personal gains, feasting, embezzlement, bribe-taking, blackmail, extortion, and the exchange of power

for money are serious problems. Corrupt elements demand favors in return for services done and render poor services even after receiving favors. Personal connections become more important than law and regulations. Money can buy anything. These are the numerous problems afflicting our trades. A poor service attitude in our trades is commonplace. The masses have complained most strongly about corruption and other kinds of malpractice in our trades. Even though corrupt elements in our services account for only a few in our trades, they are the rotten apples that spoil their neighbors. It is now time to eliminate these rotten apples with a strong determination.

Violations of the law by corrupt elements is often accompanied by unhealthy practices. Unhealthy practices serve as cover for violations of the law, while violations of the law encourage unhealthy practices. Therefore, in trying to eliminate corruption, we must also try to improve and optimize the workstyle and service quality of all trades. When we restore the good images of our trades, we will have a new, lively situation in which everyone tries to acquire good trade practices and improve the quality of service to others.

Deepening the anticorruption struggle and rectifying unhealthy practices conforms with the party's principle and the masses' wishes. They are vital to winning the hearts of party members and people in general. Let us act with a higher sense of political responsibility and mobilize people in all walks of life to carry out this task in a down-to-earth manner. Let us do so to make a good start for the Ninth Five-Year Plan.

**PRC: Xinjiang Chairman Discusses Personnel Issues**

*OW3001140396 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 22 Jan 96*

[From the "Xinjiang News" program]

[FBIS Translated Text] [Video shows Abdulahat Abdurixit sitting at a table with other leaders on the stage in a conference hall and addressing an audience] Addressing a regional meeting on personnel affairs today, Abdulahat Abdurixit, deputy party secretary of the Xinjiang regional party committee and chairman of the regional government, stressed: The task for this year's personnel affairs should be centered on readjusting the personnel management system under the planned economy to supplement the socialist market economy and readjust the traditional personnel management to suit the overall personnel resources development. We must effectively develop overall personnel resources and reform the personnel system.

Abdulahat Abdurixit said: To achieve the region's goal for a sustained economic and social development and narrow the differences between the region and the nation, we must do a good job in the overall development of personnel resources. He pointed out: The region is currently faced with an arduous task in personnel resource development. Proceeding from the long-term need of local economic development, personnel departments of all localities must study and formulate short-term goals and mid- and long-term plans in accordance with the demands of the Ninth Five-Year Plan and the Long-term Development Program for 2010. The task should be based on current personnel resources and aimed at training the kind of personnel needed for economic development.

Abdulahat Abdurixit pointed out: The distribution of personnel resources is a crucial task in personnel resources development. For this, we must first effectively establish a system whereby a unit will employ personnel on its own, individuals will select their own jobs, employment management will be strengthened, and the government will exercise macrocontrol and supervision over personnel employment. Second, we must do an effective job in establishing the personnel market to make it supplementary to the socialist market economic system.

Speaking on establishing a personnel system to be managed in accordance to different categories, Abdulahat Abdurixit said: The entire region must accelerate the pace of promoting the civil servant system. In accordance with the unified planning of the regional party committee and people's government, regional party and governmental organizations must basically accomplish reform in the first quarter. Prefectures, autonomous prefectures, cities, counties, and townships must fully implement party and governmental organizational reform this year.

#### PRC: Xinjiang Chairman Addresses Planning Conference

OW3001141496 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 22 Jan 96

[Announcer-read report over video; from the "Xinjiang News" program]

[FBIS Translated Text] [Video opens with medium shot of a packed conference hall; alternates between close-ups of Abdulahat Abdurixit and attendees] The 1996 Xinjiang Autonomous Regional Planning Conference opened in Urumqi this afternoon. Abdulahat Abdurixit, Xinjiang autonomous regional people's government [XARPG] chairman, and Zhang Yunchuan, XARPG vice chairman, attended the meeting.

Abdulahat Abdurixit delivered an important speech at the meeting. He said: In 1995, Xinjiang continued to maintain good momentum in economic development through joint efforts by all areas across the region, and various planned targets of economic and social development through macroeconomic regulation and control were attained in a better way.

Touching on the implementation of the guidelines of the Xinjiang autonomous regional party committee [XARPC]-sponsored economic work conference, having a good grasp of the guiding ideology for economic work in recent years, and paying attention to successfully conducting planning and implementation, Abdulahat Abdurixit pointed out: We must treat the realization of the two fundamental changes — economic structure and economic growth mode — that have a bearing on the interests of the whole as the focal point of our economic work. It is necessary for governments and economic planning departments at all levels to take practical measures to treat the promotion of changes in economic structure and economic growth mode as the guiding ideology for and central task of economic construction, and carry them out in conducting various economic work. It is necessary to strengthen agriculture's role as the foundation of the national economy. All areas must continue to persist in relying on science and technology to expedite agricultural development; steadily increase grain output; make vigorous efforts to develop cotton production; accelerate animal husbandry development; actively promote diversification of operations; strive to help peasants increase income; carry out the large-scale agriculture idea of achieving rapid and healthy development of the rural economy; continue to intensify rural reform; persist in protecting cultivated land in accordance with the law; practically lighten peasants' burdens; continue to implement the project designed to help 1 million people shake off poverty; step up efforts to prevent diseases, improve the soil, and control water in rural areas; and expedite the construction of settlements for herdsmen.

Abdulahat Abdurixit said: As state-owned enterprises constitute the main body of Xinjiang's economy, we must step up efforts to promote their reform and development. We must pay attention to establishing a modern enterprise system on a trial basis at a number of large and medium state-owned enterprises that play a decisive role in the economy, and strengthen macroeconomic management to bring price hikes under control. It is necessary for governments at all levels to continue implementing a system that holds the chief magistrate of a prefecture and an administrative commissioner responsible for attaining certain targets of bringing price hikes under control. Making efforts



to implement plans for agricultural production, and expediting the fulfillment of the targets of total grain and cotton production are an arduous task facing us in the Ninth Five-Year Plan period. All areas and the Xinjiang Production and Construction Corps must conscientiously fulfill both the sown area and output quotas of grain and cotton assigned by the XARPG by giving assignments to each level of township, village, and [words indistinct].

Abdulahat Abdurixit stressed: It is necessary to intensify reform of the investment system, and focus on the responsibility for investment risks by holding whoever makes the decision responsible. It is necessary to step up construction of infrastructure facilities, practically pay attention to carrying out construction of key projects, and increase investment returns. Governments and planning departments at all levels must give priority to providing a guarantee for key projects in accordance with the principle of providing guarantees for commencement of production, key projects, and [words indistinct]; and do a good job in raising construction funds and channeling them to the proper recipients. Stepping up efforts to attract businessmen and capital, and quickening the pace of using foreign funds are one of the main sources of funds for fulfilling the Ninth Five-Year Plan for economic development. It is necessary to fully exploit Xinjiang's advantageous resources to enhance the attractiveness of projects designed to attract businessmen; and pay close attention to carrying out projects whose contracts have been signed and channeling foreign funds to the proper recipients to expand the scale of foreign funds that are actually used.

Abdulahat Abdurixit required party committees, governments, and planning departments at all levels to treat the successful formulation of the Ninth Five-Year Plan and the Program of Long-Term Targets for 2010 as a major task for this year's economic work; pay close attention to supervising all areas and departments to focus on the formulation of the Ninth Five-Year Plan when drawing up plans; present an outline for the main tasks to be handled in the first 10 years of the next century; and decide on strategic targets, development policy, and key construction projects.

At the meeting, Su Yongguang, Xinjiang Autonomous Regional Planning Commission chairman, delivered a report on the implementation of the plan for Xinjiang's economic and social development in 1995 and the draft plan for 1996.

**PRC: Xinjiang Holds Planning Conference 22-24 Jan**

*OW0602125396 Urumqi XINJIANG RIBAO  
in Chinese 29 Jan 96 p 1*

[By reporter Zhao Teng (6392 5671): "Xinjiang Holds Planning Conference To Draw Up Plans for This Year's Economic and Social Development" — XINJIANG RIBAO headline]

[FBIS Translated Text] The Xinjiang Planning Conference was held 22-24 January. Drawing up plans for this year's economic and social development headed the agenda.

Xinjiang Government Chairman Abdulahat Abdurixit and Vice Chairman Zhang Yunchuan separately addressed the meeting.

Abdulahat Abdurixit mentioned the main tasks facing Xinjiang this year: placing agriculture at the top of the agenda of economic development to reap a bumper harvest in all agricultural products; intensifying reform of state-owned enterprises to maintain a relatively high economic growth rate and rate of return; paying close attention to infrastructure construction and concentrating efforts on guaranteeing the construction of key projects; continuing to succeed in stabilizing commodity prices and keeping the rate of price hikes at about 12 percent; further intensifying reform of the circulation system and improving the reform of the fiscal and taxation, banking, foreign trade, and investment management systems; and accelerating the reform of government organs and strengthening comprehensive coordination for economic operations in a bid to improve both the quality and returns of economic growth.

Touching on the endeavor to successfully carry out agricultural production plans and expedite the fulfillment of targets for total output of grain and cotton, Abdulahat Abdurixit stressed it is necessary to properly handle the relationship between grain and cotton production. With regard to grain production, we definitely must continue to adhere to the principle of maintaining a balance between small areas. In other words, cotton-producing areas must strive to be self-sufficient with regard to grain, while grain-producing areas must increase per unit area yield of grain to increase total output and ensure that grain output steadily increases in the whole region. Under the prerequisite of ensuring steady grain output, we must treat the building of cotton production bases as the major task for Xinjiang to develop agriculture and progress from a large agricultural area to an area noted for agricultural production in the future.

He also stressed it is necessary to continue to step up infrastructure construction, pay attention to successfully

carrying out construction of key projects in a down-to-earth manner, and increase investment returns.

In his speech, Zhang Yunchuan pointed out: One of the most important things for us to do in our endeavor to implement the guidelines of the Fifth Plenary Session of the CPC Central Committee and the Xinjiang Economic Work Conference is to enhance our awareness and sense of urgency to expedite "two changes." We must bring about "two changes" in various economic work to be done this year, and strive to produce successful results. As the reform of state-owned enterprises is the central link of the entire economic restructuring and a major reform measure this year, we must speed up this endeavor. Meanwhile, it is necessary to continue to intensify rural reform, stabilize and perfect a series of policies and principles formulated by the party for rural areas, and protect and arouse the enthusiasm of the broad masses of peasants for production through system and policy.

**\*PRC: Xinjiang University Status, Expansion Plans**  
96CM0025A Urumqi XINJIANG RIBAO in Chinese  
27 Sep 95 p 8

[Article by Bao Dunquan (7637 2415 0356), Xinjiang University CPC Committee, and Yibulayin Haliike (0122 1580 2139 7279 0761 0500 0344), President, Xinjiang University: "Xinjiang University Accelerates Construction; Orients Toward Raising Both Quality and Level in New Century"]

[FBIS Translated Text] Xinjiang University is a complete university of many nationalities and many academic disciplines. In 1978, the State Council designated Xinjiang University one of 88 key universities in the country. Now it is engaged in key construction projects to enter the national "211 Project." It has taken the first steps toward becoming a new style socialist modernization university.

Xinjiang University has a glorious revolutionary tradition. Its predecessor, the Xinjiang Academy, was founded in 1935, the renowned Communist Party member Yu Xiusong [0205 4423 2646] (Wang Shoucheng [3769 1108 2052] serving as the academy's director. During the War of Resistance to Japan, a number of revolutionaries, educators, and artists including Lin Jihu, Du Zhongyuan, Mao Dun, Zhang Chongzhi, Sa Kongliao, Zhao Dan, and Guo Chunze held leadership positions and taught at the academy. They made positive contributions to the spread of Marxism-Leninism, in propagandizing the party's national united front policy of resistance to Japan, and to educating progressive, young students of all nationalities.

Following the founding of the new China, both the party and the government paid extremely close attention to, and showed concern for the building of Xinjiang University. The now deceased Premier Zhou Enlai provided instructions on the operation of Xinjiang University, and comrades Zhu De and Dong Biwu paid visits to the school. During his period of service as secretary of the Xinjiang Branch Bureau, Comrade Wang Zhen took the lead in having PLA [People's Liberation Army] units stationed in Xinjiang help construct university buildings. Comrades Bargan and Saifudin served respectively as director of the academy and director of the university. During the 1950s and 1960s, the government assigned large numbers of outstanding personnel from major inland universities to work at Xinjiang University, thereby laying a solid foundation for development of the school.

When Xinjiang University celebrated its sixtieth anniversary, party and government leaders including General Secretary Jiang Zemin, Premier Li Peng, deputy Central Committee member Tomur Dawamat, and Deputy Premier Li Lanqing wrote tributes, which gave enormous encouragement to professors, students, staff, and workers of all nationalities at Xinjiang University.

The autonomous region CPC committee and people's government have left no stone unturned in caring for and supporting the building of Xinjiang University. In June 1993, the autonomous region CPC committee and people's government decided to make Xinjiang University a key school for construction within the "211 Project," formally including it in the autonomous region's economic and social development plan. This plan has been organized and carried out under unified leadership of the autonomous region's people's government, and 150 million yuan has been raised during the past several years for support of key construction projects at Xinjiang University. This was accomplished through the autonomous region's establishment of a "special control office" and a "special value added tax office," which provides 20 million yuan annually to Xinjiang University.

Since the founding of the people's republic, and particularly since reform and opening to the outside world, Xinjiang University has developed by leaps and bounds. Of special note is the steady improvement of its teaching force. Today, it has 1,286 full-time teachers, 674 of whom are minority nationality teachers. These include 78 professors, 22 of whom are of a minority nationality, and 317 assistant professors, 144 of whom are of a minority nationality. Highly qualified professors account for 30.4 percent of the total. School facilities have also improved greatly. Xinjiang University occupies an area of 904 mu, 200,000 square meters of which contains buildings. The university's fixed assets total more than



101.2 million yuan, including 7,132 pieces of apparatus and equipment having a value of 23,977,000 yuan. Its library has 1.01 million volumes, and each year it purchases more than 3,100 foreign language periodicals. The curriculum is improving constantly. Right now, the university has 14 departments, 43 undergraduate subjects, and 74 undergraduate specialties. It has 17 masters degree fields, three main Autonomous Region academic disciplines, Marxism-Leninism, foreign language, Chinese language, and physical education courses, and three centers for computing, physics and chemistry experiments, and electronics education. Training quality has improved. The university constantly regards the training of minority nationality personnel to be a fundamental task. Since the founding of the people's republic, the university has provided the country with more than 30,000 professionals of all nationalities. Current enrollment is 8,119 students of all kinds, including 5,726 regular undergraduates, four doctorate students, 177 masters degree candidates, 25 students who have returned from study abroad, and 2,247 adult education students. Sixty-two percent of the students are of minority nationalities. More and more research achievements are being made. The university has seven research institutes for demographics, central Asian culture, mathematics, arid region ecology, Altai studies, applied chemistry, and economics; 25 research laboratories, and it is working on 43 research areas. During the past several years, it has taken on a total of 204 national government, province (autonomous region), and ministry and commission research projects, one of which was a national government brainstorming project. Two were "863" brainstorming projects, one was a torch plan project, 51 were national natural science fund projects, 17 were philosophy and social sciences fund projects, and 19 were lateral topics for which a total of 8.26 million yuan was obtained. Statistics show that in 1992 Xinjiang University obtained 78 of the state natural science funded projects going to institutions of higher education. It has published approximately 500 articles per year in academic publications of various kinds in China and abroad, 17.3 percent of them in major domestic and foreign publications. Xinjiang University ranked sixty-fifth among institutions of higher education nationwide on the SCI [expansion not given] "academic rolls," which is drawn up on the basis of international practice. The university writes approximately 12 academic works each year. A total of 163 achievements of various kinds have been authenticated and evaluated, 60 of them attaining the domestic advanced level, five of them attaining the international advanced level, one receiving a scientific and technical progress award, and 163 receiving a provincial government department level scientific achievement award. International academic exchanges are becoming

more and more lively. Since reform and opening to the outside world, Xinjiang University has established inter-university relations or signed academic exchange agreements with 11 academic institutions in six countries and territories. It has sent more than 200 students to study in 18 countries, and more than 40 experts have accepted invitations to take part in international academic conferences or to do cooperative research. More than 100 foreign scholars have come to the university to lecture or do cooperative research work. This has created good conditions for Xinjiang University's orientation toward the world and has helped to accelerate development.

Reform and opening to the outside world, and establishment of the "211 Project" provides unprecedented opportunities for the schools' development. Our general approach to the intensification of reform and the acceleration of development is to adhere to Comrade Deng Xiaoping's theory on the building of a distinctively Chinese brand of socialism as the guide, and completely implementing the party's basic line and education policy. We have conscientiously put into effect "Outline For Reform and Development of Chinese Education," actively explored systems models for running a university that are in keeping with the socialist market economy system, and that are consistent with Xinjiang's economic and social development. We have seized opportunities, emancipated thinking, sought truth in facts, used reform to power development, taken the building of academic fields and improvement of teaching as the key, regarded building of the teaching corps and the administrative cadre corps as crucial, and made the strengthening and improvement of party building and ideological and political work the assurance for highlighting the distinctive character of the region and its people, for all-around improvement of the quality of education, the level of scientific research, the level of management and benefits from providing education. As a result, Xinjiang University has become a multifaceted, socialist university that is run in an optimum fashion, in which the mechanisms run well, and that is a standout. In following this approach, our overall goals for development and construction are to make Xinjiang University a multifaceted national university in numerous academic fields including literature, physics, engineering, economics, law, and management; to make it meet the country's and the autonomous region's economic construction and social development needs, offering all sorts of major courses of a distinctive ethnic character, distinctive regional character, and distinctive character of their own, and make the university the autonomous region's scientific, technical, cultural, and educational center where the training of human talent, scientific research, and social services are combined into one. Our goals also include becoming the leader among institu-

tions of higher education in the autonomous region in overall school operation ability and the level of school operation, to be a leader among the country's minority nationality region institutions of higher education, and to be a socialist university having a certain amount of influence at home and abroad. We plan to use a two-step strategy to achieve these goals, namely to move ahead with across-the-board school reform and development between now and the end of the present century, and to work with all our might on "211 Project" key construction to raise Xinjiang University's education quality, scientific research, and management level to new heights, to make outstanding advances in educational reform, to make substantial improvements in teaching conditions, to occupy a leading position among the autonomous

region's institutions of higher education, and to bring courses close to, or up to advanced domestic standards. In this way, we can contribute further to the country's and the autonomous region's economic construction and social development, and lay a solid foundation for the founding of an advanced university in a minority nationality area. Between the end of the present century and approximately 2010, we want to bring Xinjiang University up to the advanced level of institutions of higher education in minority nationality areas throughout the country in terms of human resources training quality, and scientific research, and to approach the advanced level of similar universities throughout the country.



**PRC: Trade Union Official Reviews Jiang's  
Unification Speech**

*OW0602121796 Beijing XINHUA Domestic Service  
in Chinese 0840 GMT 3 Feb 96*

["Speech" by Li Qisheng, vice president of the All-China Federation of Trade Unions, in Beijing on 30 January]

[FBIS Translated Text] Beijing, 3 Feb (XINHUA) — The meeting today for people of all circles in the capital to mark the first anniversary of the important speech — "Continue To Promote the Reunification of the Motherland" given by Jiang Zemin, general secretary of the CPC Central Committee and president of the state, has important and far-reaching significance. The speech that Premier Li Peng gave a while ago has educated us profoundly. It helps us realize our great responsibilities. The All-China Federation of Trade Unions [ACFTU], the Communist Youth League [CYL] Central Committee, and the All-China Women's Federation [ACWF] firmly support Premier Li Peng's speech. We will continue to study President Jiang's important speech and follow through with its guidelines; and we will work hard together with workers, young people, and women of all nationalities — including our fellow countrymen in Taiwan — to achieve the great cause of national reunification.

The important eight-point proposal that President Jiang made in his important speech — which he made on the basis of incisively elaborating on Comrade Deng Xiaoping's great concept of "peaceful reunification; one country, two systems," taking into account the general trend of the development of the world situation and cross-strait relations, and for the sake of expediting the motherland's reunification process — has expressed the common aspirations of all the Chinese people, including our fellow countrymen in Taiwan, Hong Kong, and Macao, as well as overseas Chinese. It has expressed the voice in the hearts of all Chinese workers, young people, and women of all nationalities who yearn for the motherland's early reunification. The sincere efforts exerted by the third-generation leading collective of the CPC, with Comrade Jiang Zemin as the leading core, to achieve the motherland's reunification have important immediate and far-reaching, historical significance.

After President Jiang's speech was published, it received wholehearted support and a positive response from workers, young people, and women of all nationalities throughout the country. In addition to organizing their members to study the speech and implement its guidelines, the ACFTU, the CYL Central Committee, and the ACWF, acting on behalf of the hundreds of millions of workers, young people, and women on the

mainland, also expressed to our brothers, sisters, and counterparts in Taiwan our strong desire to do our utmost to promote the great cause of national reunification through exchanges between people and nongovernment groups on the two sides. The exploratory efforts we have made in the past year to broaden avenues of exchange in all areas have been gratifying. Through various channels, many fellow countrymen in Taiwan have come to the mainland to invest, to go sightseeing, and to visit friends and relatives. The number of fellow countrymen in Taiwan who visited the mainland in 1995 reached 1.5 million, topping that of the year before by more than 100,000. The number of mainlanders visiting Taiwan is also increasing. Cross-strait economic, scientific-technological, cultural, and sports exchanges have been increasing, and cross-strait understanding is deepening. This fully shows that President Jiang's observation — that "all children of the Chinese nation hope for China's reunification, and division goes against the national will" — is in line with the historical development and conforms to the aspirations of the people on the two sides of the strait. It has also strengthened our confidence and determination to achieve our motherland's reunification.

However, we must point out that, over the past year, the Taiwan authorities have ignored President Jiang Zemin's proposals, disregarded the wishes of the people on the two sides for national reunification, and made every effort to obstruct cross-strait exchange and contacts; and that Li Denghui [Li Teng-hui] has even brazenly proceeded to split the motherland, tolerated "Taiwan independence" forces and let them grow and spread, and intensified his efforts to create "two Chinas," or "one China, one Taiwan" in the international community. Consequently, cross-strait relations have seriously regressed [Jiang an guan xi cu xian yan zhong dao tui 0357 1489 7070 4762 0427 2807 0917 6850 0451 6622]. We are extremely angry about this. Taiwan is an inalienable part of China's sacred territory. China's reunification is an irresistible historical trend. China must be, and will be, reunified. Division has no popular support. People who divide the motherland will be forever condemned and held in contempt by Chinese people from one generation to another. As the saying goes: "Your body and fame will perish, but the rivers will roll on eternally." No one, and no force, can stop the tide of the two sides' reunification. A unified and powerful China will stand tall among other countries of the world!

Today, Premier Li Peng has further elaborated on the stand and proposals of the CPC, the Chinese Government, and the Chinese people on the Taiwan issue. The ACFTU, the CYL Central Committee, and the ACWF firmly support and embrace Premier Li

Peng's speech. We firmly object to all speeches and actions designed to create "two Chinas," "one China, one Taiwan," or an "independent Taiwan." We sincerely urge the Taiwan authorities, above everything, to value the Chinese nation's fundamental interests, the great land and the well-being of people on the two sides of the strait, go with the popular sentiment, and do something practical for national reunification and revitalization; and to remove all barriers obstructing the two sides' nongovernmental exchange and contacts so that there can be direct postal, commercial, and shipping links between the two sides.

Peace and development have become the mainstreams in the world today. As we usher in the 21st century replete with opportunities and challenges, and as we confront changes in economic development in the world, the interests of people on the two sides of the strait, as flesh and blood, are interrelated. Our two economies should be beneficial to one another, and our strengths should complement one another. The field of cooperation will be broad and the development potential will be enormous. This being the case, we should work energetically to strengthen our economic exchanges and cooperation, and join hands to create a bright future for the Chinese nation. Promoting cross-strait understanding and communication through exchange and contacts is in line with the needs of people on both sides of the strait, and is also in the fundamental interests of the Chinese nation, and so this is a cause that will benefit people of this and future generations. We the ACFTU, the CYL Central Committee, the ACWF, and other mass organizations also have our respective strengths and resources, and we are ready to exert even greater efforts in this regard. Meanwhile, we wholeheartedly urge Taiwan's businessmen, young people, and women to continue to develop exchange and cooperation with us; to attach importance to the efforts we have made in recent years — especially those after the publication of President Jiang's important speech — so that we can shoulder the sacred mission that history has given us and play our parts in achieving our motherland's peaceful reunification and the building of a prosperous China.

#### **PRC: Minister Urges Direct Cross-Strait Shipping Links**

*OW0602141596 Beijing XINHUA Domestic Service in Chinese 1427 GMT 5 Feb 96*

[By reporters Xu Jingyue (1776 0079 6460) and Wan Hongqiang (8001 4767 1730)]

[FBIS Translated Text] Beijing, 5 Feb (XINHUA) — On 5 February, Communications Minister Huang Zhendong exhorted the Taiwan authorities to act as quickly as possible to lift their control on direct cross-

strait shipping links under the one-China premise and in accordance with the principle for mutual benefit.

Speaking at a forum called by the Communications Ministry to mark the anniversary of President Jiang Zemin's important speech on the Taiwan issue, Huang Zhendong said: The important speech, "Continue To Promote the Reunification of the Motherland," which General Secretary Jiang Zemin gave on the eve of last year's Spring Festival, has collectively, profoundly, systematically, and comprehensively expounded the CPC's basic general and specific policies characterized by "peaceful reunification; one country, two systems." It also reflects the consistency and continuity of the policy of the CPC and the Chinese Government for solving the Taiwan issue. This programmatic document guiding our work toward Taiwan during the new period has generated major and far-reaching influence both at home and abroad, and it has tremendously expedited the development of cross-strait relations.

Huang Zhendong said: The development of cross-strait economic and trade relations has been very fast in recent years, and the number of factories that Taiwan investors have established on the mainland has now exceeded 30,000. This has created a strong demand for the direct transportation of goods between the two sides. In 1979, the Communications Ministry declared that Taiwan's merchant ships were welcomed at the mainland's open ports. This policy has remained unchanged. According to incomplete statistics, in 1994, over 20 open ports on the mainland received Taiwan's merchant ships, and over 400 merchant ships from Taiwan called on these ports indirectly.

He said: In September 1992, our side formally proposed that the establishment of a cross-strait shipping link should be handled in accordance with the principle of "one China, two-way direct traffic, and mutual benefit." Taiwan's shipping circles universally endorsed this three-point proposal. Taking the initiative in expediting cross-strait shipping links, the mainland's shipping industry called a "symposium on direct cross-strait shipping links" in which it discussed with its Taiwan counterpart ways to solve problems that obstruct direct shipping links. Three meetings of this nature have been held respectively in Xiamen, Taipei (Taipei), and Dalian; and the participants from the two sides shared a common understanding on a wide range of topics and have also resolved some practical problems regarding ship inspections, radio navigation, and rescuing ships in distress. To promote mutual understanding, experts and scholars of the two sides' shipping circles also formed groups to inspect each other's major port facilities in 1994 and 1995. To promote nongovernmental exchanges between the two sides' shipping circles, the Association for Cross-



Straits Shipping Exchanges was also founded in Beijing last year, and the association has been playing a positive role in promoting cross-strait shipping exchanges.

Huang Zhendong pointed out: As result of the pressure created by the development of cross-strait economic and trade relations, as well as the Taiwan people's demand for direct cross-strait shipping links, the Taiwan authorities were forced to adopt some measures for gradually lifting the control on direct cross-strait shipping links. In May 1995, the Taiwan authorities formally ratified the "Operational Procedure for the Establishment of an Offshore Shipping Center." Under this "procedure," ships owned by foreign shipping companies and flag-of-convenience ships operated by shipping companies of the two sides are allowed to call on each other's designated open ports and engage in transporting goods, which the mainland imports and exports, via ports in Taiwan. We maintain that "the Taiwan authorities' concept of establishing an 'offshore shipping center' is different from the direct shipping links that the people on the two sides want. The problem of establishing a direct, two-way shipping link that business circles on the two sides are eager to resolve cannot possibly be dealt with if trade between the two sides still has to be conducted indirectly via a third location."

Huang Zhendong said: President Jiang Zemin's observation — that direct postal, commercial, and shipping links between the two sides are objective needs for cross-strait economic development and contacts in various areas; that these links are in the interest of the countrymen of the two sides; and that practical steps should be taken to accelerate the realization of these three links — has comprehensively and accurately expressed the Chinese Government's consistent stand and reflected the fundamental interests and strong desire of the people on the two sides. Direct "three links" between the two sides are pragmatic measures that can facilitate contacts between countrymen on the two sides, develop cross-strait economic and trade relations, and promote mutual understanding and trust. This proposal has had the understanding and support of the vast number of countrymen in Taiwan.

Huang Zhendong said: Direct "three links" between the two sides will enter an important period of development in 1996. As the day is drawing near when China will resume exercising its sovereignty over Hong Kong and Macao, the bargaining chips that the Taiwan authorities can use to obstruct the direct "three links" between the two sides are getting fewer and fewer.

Huang Zhendong reiterated the following: 1) Under the one-China principle, the two sides should resolve the problems relevant to cross-strait shipping links through

consultations; and the shipping industry of the two sides should work together in developing and operating the two sides' shipping markets so as to safeguard national sovereignty and the interests of the national shipping industry. 2) There shall neither be preconditions nor political barriers set for obstructing the realization of the direct cross-strait "three links." 3) We have made all the preparations for establishing direct cross-strait shipping links; and we are always ready to have pragmatic talks with Taiwan's shipping circles, under a name that is proper, with regard to business and technical issues relevant to direct cross-strait shipping links. We believe that we can consolidate and develop the achievements already made in the two sides' shipping exchange, and that direct cross-strait shipping links will eventually be established as long as the two sides approach the issue in the spirit of respecting and consulting with one another on an equal footing, seeking truth from facts, and seeking similarities while reserving differences under the one-China principle.

**PRC: Article Refutes Fallacies on 'Independence of Taiwan'**

*OW0602/21196 Beijing XINHUA in English*  
*1141 GMT 6 Feb 96*

**["Two Fallacies on 'Taiwan Independence' Refuted" — XINHUA headline]**

[FBIS Transcribed Text] Beijing, February 6 (XINHUA) — A signed article today refutes two kinds of fallacies concerning the "independence of Taiwan", namely, the "invisible independence of Taiwan" advocated by Lee Teng-hui [Li Teng-hui] and the "visible independence of Taiwan" by Peng Ming-min.

The article signed by Li Jiaquan says that a long time ago Peng Ming-min became a notorious element advocating the "independence of Taiwan" and an agent of foreign interests who completely lost his dignity of being a member of the Chinese nation.

As he openly preached the "independence of Taiwan", he was forced into exile overseas for a long time, it notes.

But as Lee Teng-hui hid his intention for advocacy of the "independence of Taiwan", he worked for the Kuomintang for a long time until rising to the "peak" of power in Taiwan.

According to the article, Both Lee and Peng studied in Japan. After Japan's surrender in 1945 they both returned to Taiwan to study at Taiwan University before going to the United States and France for further study, respectively.

Since their youth they have been "intimate friends" because their political viewpoints are similar, it says.

While studying at Taiwan University, they formed an "iron triangle" with Liu Ching-rui, a man who had returned from Japan and was inclined to the "independence of Taiwan."

In the early 1960s, Peng was chosen as one of the "ten outstanding youths" in Taiwan and received by Chiang Kai-shek twice. Then he and Lee were on very good terms.

In September 1964 Peng was arrested on charges of treason because he printed and distributed the "Declaration of the Taiwan People's Salvation Movement". At a meeting in New York on February 9, 1990 he said, "I was with Lee Teng-hui the day before I was arrested."

While in exile overseas Lee cared very much about what Peng did. After becoming "vice-president", he ordered his close followers to contact Peng secretly.

In May 1990 Peng told a Taiwan newspaper reporter: "When Lee was still vice-president I was told that at the mention of me, Lee asked whether I was now fond of reading."

Lee was in a rather difficult situation in the early period of wielding power. In the US Peng appealed to overseas personalities to support Lee, saying: "I have a good understanding of Lee Teng-hui's personality, style of work and ideals. Lee is worth 100 percent backing for creating a new situation in foreign affairs."

Having consolidated his power, Lee solicited Peng's ideas on many important issues, such as the candidates for the "cabinet" and the direct election of the "president".

In April 1990 Lee invited Peng to return to Taiwan from the United States. In the fall of 1992 he ordered the cancellation of the arrest warrant for Peng.

Before and after then Peng was actually Lee's "super-aid," the article says.

For a long time people doubted how Lee Teng-hui, who used to take charge of agricultural affairs, could produce so many false political views. It turned out that the views came from his old friend Peng Ming-min, who has been taken as the so-called spiritual leader of "Taiwan independence".

Back in 1972, Peng put forth the concept of Taiwan's "independent political entity". Later, in June 1975, he told US reporters that Taiwan should "choose to establish a political entity of its own and get away from China."

Over the past two or three years Lee has been advocating "equal political entity" and "rule under separate regimes", which in fact are based on Peng's ideas.

Lee has been clamoring for setting up a "Taiwan destiny community" or "Taiwan life community". These terms also were invented by Peng to run counter to the principle of "one country, two systems" of the Communist Party of China.

Lee and Peng also took concerted actions with regard to "international existence space" and "entry in the United Nations". In early 1984, Peng claimed that "Taiwan should strive to become a political unit in the international community."

On July 4, 1991 Peng said that Taiwan should first apply to enter the United Nations, while the name could be discussed carefully. Time and again Lee Teng-hui stressed the importance of "international existence space" and expansion of diplomatic space to fulfil international duties.

Sometimes, Lee planned to push Taiwan into the United Nations in the name of "The Republic of China", sometimes he just stressed Taiwan's entry into the United Nations without concern for the name whatever.

In June 1995 Lee Teng-hui managed to make his US tour to his alma mater in Connecticut. In fact, the visit had been put on Peng's agenda as early as in April 1989, when he said that Lee's visit to the United States would be a very good way for Taiwan's re-entry into the international community.

Some other political views of Lee Teng-hui are also based on similar opinions from Peng's speeches or writings, including Lee's "new sovereignty concept" to attack the mainland's "one country, two systems", and Lee's view of "Taiwan sovereignty belonging to the people" which means that Taiwan people have the right to be independent to the outside world.

In March 1994 Lee told a Japanese writer that the Kuomintang is also a political power from outside China. However, Peng had said in July of 1983 that Taiwan had remained a colony since 1945 under the rule of the Kuomintang, a case similar to the rule of Taiwan by Japan.

Therefore, it is not groundless for the people to suspect that Lee borrowed his views from Peng, the articles notes.

Lee and Peng hold almost identical views on Taiwan's future, that is, on the ways and means to separate Taiwan from the motherland. But they differ on whether to take advantage of the label of "The Republic of



China" or convert it into "The Republic of China in Taiwan", the article says.

On September 19, 1991 Lee told at a seminar that "Taiwan is an independent country called 'The Republic of China'". On September 30 in the same year he said, "Taiwan is an independent sovereign state, whose name is 'The Republic of China'."

However, Peng disagreed with Lee on this point. He said, "The Republic of China does not exist. How can a government and a country base its policies on such a non-existent and abstract thing?"

Then, Lee accepted Peng's criticism, changing his statement to "The Republic of China on Taiwan" on many occasions, according to the article.

In 1994 and 1995 he repeated, "At the current stage, there is 'The Republic of China on Taiwan', and 'The People's Republic of China on the mainland'."

However, Peng was still not satisfied. Why should people not call the island "The Republic of Taiwan", since Lee has already said Taiwan is a "country of independent sovereignty?" he asked.

This is an important characteristic of the so-called "Invisible Independent Taiwan," the article goes on.

People have noticed that there have been some subtle changes in Peng's statements recently.

On May 9, 1995 he told the media that Taiwan "is a government which rules the territories of Taiwan, Penghu, Jinmen and Matsu. We can simply put the name issue aside but we must make sure of the scope of our territories first."

On another occasion he said, "It is not important to find a name for the future Taiwan, because the name is just a name. It does not matter whether the island is called 'The Republic of China', or 'the State of Gaosha', or even 'Chiang Ching-Kuo'."

On September 8, 1995 Peng, as the "presidential" candidate of the "Democratic Progressive Party", said he agreed to the statement that "maintaining the current situation is equal to advocating an independent Taiwan".

People should pay particular attention to this move, the article stresses.

Everybody knows that the so-called "maintaining the current situation" is complies with Lee Teng-hui's "The Republic of China in Taiwan", and it actually advocates an "Independent Taiwan" while not mentioning it, the article says.

Here, Peng's "Invisible Independent Taiwan" is already virtually identified with Lee's "Visible Independent

Taiwan". Peng is playing a trick to hoodwink the people, the article notes.

According to the article, Peng said repeatedly in public before and after his return to Taiwan that he "would not run for any official post, and would not join any party". Furthermore, Peng deemed that all that Lee Teng-hui had done was a pursuance of his former "political ideals" and "direction", which made him "feel extremely satisfied when looking back upon the past."

Peng also expressed "trust in and expectations for" Lee's administration several times.

"Therefore, it seems that he need not reveal himself," the article says, going on to say that unexpectedly Peng made a sudden turn and joined the Democratic Progressive Party in February 1995, declared that he would run in the "presidential" election in March, and obtained the status of "presidential candidate" of the DPP after half a year of efforts.

People could not help asking "what is behind the changes?" the article asks.

According to reports in Taiwan, Peng seemed to be rather worried about Lee's situation, for Lee met challenges both inside the Kuomintang and from the DPP. All challengers were younger than Lee and had some influence in the parties. Even if they could not take Lee's place, they could at least grab a considerable proportion of votes from Lee.

"Peng is absolutely confident about Lee Teng-hui," the article says. "Viewed from the present situation, Peng's running for 'president' is a disguise, and his true motive is to 'escort' Lee Teng-hui."

First, Lee Teng-hui has the power machine in his hands and Peng is not his match in terms of either political assets and sources or human and financial sources, which Peng knows clearly, the article analyzes.

Second, according to materials disclosed by Taiwan's media, Lee Teng-hui was apparently on the side of Peng when the "presidential candidate" status was scrambled for in the DPP. It is Lee who supported Peng economically, politically and in public opinion, and enabled him to become the "presidential candidate."

Third, Lee supported Peng because if Peng took part in the election, Lee's disadvantage of age would naturally disappear. In addition, the public is relatively worried about Peng's "visible Taiwan independence" while, in comparison, Lee's "invisible Taiwan independence" is all the more deceitful.

As for Peng, who changed his mind to take part in the election, if it is fortunate enough to be elected

"president", he will be able to put into practice "Taiwan independence" and the "political ideals" which he has advocated for years, which will satisfy both himself and his supporters. If he cannot be elected, he can give the votes to his old friend and help him maintain the situation of "division and separate administration."

The fallacies of "Taiwan independence" of Lee and Peng are from the same source, the same root and the same stream, the article points out.

The article noted that although they differ in appearance and devices they are absolutely identical in the essence of attempting to divide the motherland. "They both violate the fundamental interests of the Chinese nation, including those of the people from Taiwan. All the Chinese people, including the compatriots in Taiwan, will never agree with them, and they are doomed to failure," the article concludes.

#### **PRC: Tianjin Plans New Law To Protect Taiwan Investment**

OW0702100596 Beijing XINHUA in English  
0941 GMT 7 Feb 96

[FBIS Transcribed Text] Tianjin, February 7 (XINHUA)  
— Tianjin, the third largest city in China, is planning a new law this year to protect Taiwanese investment,

a senior municipal official in charge of Taiwan affairs told XINHUA today.

Li Qingsheng, deputy head of the Municipal Office of Taiwan Affairs in Tianjin, said the new by-law will give Taiwan investors priority over investors from other regions under the same conditions, and will ease some present restrictions.

Li said that his office will establish more channels of communication between the government and Taiwan investors this year, including a reception day each month by the head of the office.

Government departments in Tianjin have always been keen to help Taiwan investors to solve their problems, Li said.

He cited an example from July 1995 when the authorities greatly simplified the procedures for acquiring driving licenses. This followed complaints from Taiwan investors.

In 1996, the city aims to attract more Taiwan investment, especially in the field of infrastructure, agriculture, the upgrading of old enterprises and high-tech industries, Li said.



**Taiwan: Spokesman Denounces PRC 'Threat' To Veto Haiti Mission**

OW0702025096 Taipei CNA in English  
0149 GMT 7 Feb 96

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, Feb. 6 (CNA) — The ROC Foreign Affairs Ministry slammed Mainland China on Tuesday [6 February] for threatening to veto the extension of the United Nations mission in Haiti in protest of the visit to Haiti by ROC Vice President Li Yuan-zu.

Ministry spokesman Rock Leung denounced the Beijing threat as being "malicious and vindictive," adding that the ministry would keep its friendly relationship with Haiti intact.

ROC Vice President Li Yuan-zu is in Haiti to attend the inauguration of President-elect Rene Reval on Wednesday.

Beijing bitterly opposes any country's maintaining a relationship with Taiwan, which it deems a renegade province.

The mandate of the United Nations' peacekeeping force in Haiti expired this month.

Haiti has asked a scaled-town UN force remain in the country after the end of the month to help police there maintain law and order.

**Taiwan: Beijing Urged To Resume Talks on Shipping Links**

OW0702025596 Taipei CNA in English  
0157 GMT 7 Feb 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Feb. 6 (CNA) — Despite fresh calls by Beijing for the establishment of "[word indistinct] across the Taiwan Strait," government officials here, while saying there should be no technical problems with such links and that they could be implemented immediately, have demanded that Beijing first resume the negotiations it unilaterally suspended in mid-1995.

"At a time when the two sides are still divided over vast political differences, the priority should be given to the resumption of [word indistinct] negotiations," said Fu Tung-cheng, director of the Mainland Affairs Council's economic research department.

Wu Yi, Mainland China's foreign trade minister, at a rally last week marking the first anniversary of Mainland President Jiang Zemin's eight-point peace

gesture toward Taiwan, called for the establishment of direct business ties across the strait.

The mainland's ministries of communications and posts and telecommunications followed suit on Monday [5 February], separately proposing direct transportation and postal links.

Fu said the ROC [Republic of China] Government favors the gradual [words indistinct] "the three links." To facilitate transportation exchanges, for instance, the ROC Government has come up with special plans, including an offshore transshipment center and designated free-trade zones, to meet the growing civilian needs of the two sides while official bilateral contacts remain prohibited.

Transportation and Communications Minister Liu Chao-hsuan urged Beijing to stop "leaking proposals and instead give a concrete response to Taiwan's offshore-transshipment-hub plan."

He said the ROC Government has started to receive applications from shipping firms interested in taking part in the plan, adding that "as soon as the mainland authorities give their nod to the applications, the closer transportation links will become effective."

Meanwhile, Chen Yao, head of the ROC's directorate General of Telecommunications, indicated that links between the two sides could begin with telecommunications links, given that technical problems in the area would be few.

Beijing put a brake on scheduled cross strait negotiations last [word indistinct] following a landmark U.S. visit by ROC President Li Teng-hui. The visit, though private in nature, was interpreted by Beijing as a step forward in [word indistinct] efforts to separate Taiwan from China.

**PRC: Editorial Urges Jiang To Take Low-Key Approach With Taiwan**

HK0702072296 Hong Kong EASTERN EXPRESS  
in English 7 Feb 96 p 11

[Editorial: "Jiang Should Try Low-key Approach"]

[PTS Transcribed Text for FBIS] The war of words between Taiwan and China looks dangerously near to brinkmanship. Taiwan's decision to cancel all military leave on coastal areas during the period when China will be carrying out military exercises out of Fujian shows they are taking Beijing's threats seriously, as well they might.

President Jiang Zemin has made it clear that his agenda contains the return of Taiwan as its priority, and no

moves towards independence will be tolerated. Taiwan President Li Teng-hui has repeatedly said reunification will take place eventually — at a time when China has a more democratic system — but that does not seem to reassure Beijing.

Jiang has absolutely no democratic leanings. Indeed, as Li contends, he is probably very much alarmed by it, which is why he is making such belligerent statements now that his own position as Chinese leader is secure.

His threats do not seem to be causing too much panic in Taiwan itself. Recent surveys show that although they have dented the Taiwan people's taste for democracy, they have increased the unpopularity of Beijing.

If Jiang could be made to see that this aggression is counter-productive, and that he could make faster progress by trying to win hearts and minds in Taiwan, the present volatile situation could be eased.

It is important to remember that the impending exercises are no surprise. They were announced months ago, and no doubt once the sabres have been convincingly rattled, things will settle down again.

It is unlikely Taiwan will do anything so rash as to make any further moves towards independence in the foreseeable future. China is not in a mood to sit silently by if they were to do so. But exercises off the Taiwan coast is one thing, a fullscale invasion is quite another. Taiwan is technologically and militarily well able to defend itself, and China's economic future is very much tied up with Taiwan's prosperity.

At least US\$20bn (HK\$156bn) of Chinese investment comes directly from Taiwan. To harm Taiwan is to damage its own interests.

At present, it does not seem as if the Beijing mandarins are prepared to let such considerations influence their policy. Jiang is absolutely determined to bring the errant island back under mainland control.

But there are better and less costly ways of achieving this than the one he is advocating. Instead of threats, he should seek dialogue with Li. A low-key approach might persuade Taiwan that reunification is a good idea. At present, it looks more like a nightmare.

#### **Taiwan: Chiao Tung Alumni To Invite Jiang for Centennial**

OW0702101796 Taipei CNA in English  
0929 GMT 7 Feb 96

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Feb. 7 (CNA) — The alumni association of National Chiao Tung University

is planning to invite Mainland Chinese President Jiang Zemin to attend [the] university's centennial celebrations in April, university President Den Chi-fu said Wednesday [7 February].

Den said the alumni association proposed to invite Jiang, a graduate of Chiao Tung university in Shanghai in 1948, to visit the university's Hsinchu campus on the occasion of the university's 100th anniversary on April 8.

The university is considering the proposal but has not yet made a final decision.

Founded in Shanghai in 1896, Chiao Tung University now has five campuses, including one at Hsinchu, northern Taiwan.

The only alumni association in America, with members coming from the five universities across the Taiwan Strait, will organize groups to visit their mother universities in Taiwan and Mainland China respectively in June.

#### **Taiwan: New Year Holiday Leaves Cancelled for War Games**

HK0702074896 Hong Kong EASTERN EXPRESS  
in English 7 Feb 96 p 11

[By Christian Virant]

[PTS Transcribed Text for FBIS] Taiwan's armed forces have cancelled leave for troops manning coastal defences as mainland China prepares for a series of large-scale war games in the Taiwan Strait.

Wang Han-ning, the head of the Taiwan Air Force Eastern Command said his troops would not break for the lunar new year holidays and would continue regular coastal patrols.

At a news conference called yesterday by the Ministry of National Defence, Wang said patrols would include airborne reconnaissance as well as antisubmarine manoeuvres by S-2T aircraft.

Also speaking at the news conference, the Defence Ministry spokesman, Major General Kung Fan-ting, denied reports in the Hong Kong and United States press that the mainland has mustered troops for exercises in Fujian province.

"The mainland military is on normal status; there have been no unusual movements," Kong said, attempting to assuage fears of a large-scale military exercise expected after the lunar new year.

Reports in Hong Kong on Monday said about 400,000 troops have been mobilised in Fujian for a month of invasion exercises, set to begin this week.



The reports were confirmed by United States intelligence officials, who told the Washington Post that "hard intelligence data" indicated troop movement and preparations for exercises.

Kung dismissed the reports as mainland propaganda and urged the Taiwan public not to panic, and enjoy their new year holidays.

"We have the resolution and ability to ensure the safety of Taiwan," Kung said.

Despite Kung's reassurances, the Taiwan army, navy and air force held a series of exercises off the island's eastern coast on Monday and yesterday.

In what was described by the ministry as a "routine practice", navy and air force troops practised joint air and sea defence.

Meanwhile, two top Chinese military officials have arrived in Fujian to oversee the military exercises.

Zhang Wannian, the vice chairman of the Central Military Commission (CMC), and Xiong Guangkai, the assistant chief of general staff, arrived separately in Fujian yesterday.

Zhang and Xiong have been designated commander and vice-commander of the operation by the CMC, which is headed by President Jiang Zemin.

China's threatening moves toward Taiwan and the reported troop mobilisation have raised the ire of the United States as well as other nations in the Asia-Pacific region.

In Washington, the Clinton administration urged Beijing to tone down its military posturing and cautioned that any use of force against the island would be "of grave concern to the United States."

A senior administration official, speaking on condition of anonymity, said that during discussions with the Chinese vice-foreign minister, Li Zhaoxing, at the State Department, the US pointed out that the Taiwan Relations Act makes it policy "to consider any effort to determine the future of Taiwan, by any other than peaceful means, a threat to the peace and security of the Western Pacific area and of grave concern to the United States".

The White House is also urging China's neighbours to "do everything necessary" to calm cross-strait tension. "We will continue to monitor the situation because we are concerned about statements both out of Beijing and Taipei," the White House spokesman Mike McCurry said yesterday.

In Singapore, the Deputy Prime Minister and Defence Minister, Tony Tan, said "the most worrisome area of

uncertainty" in the region was "the tension in the Taiwan Strait". "We hope that cool heads will prevail before the situation gets out of hand," he said.

#### **Taiwan: Mainland Submarine Combat Capability Viewed**

OW0602134596 Taipei TZU-LI WAN-PAO in Chinese  
27 Jan 96 p 3

[FBIS Translated Text] Taipei — Commenting on the report that "Communist Chinese submarines appeared off Taiwan's eastern coast," a senior military official said: Communist China has continuously expanded the combat capability of its submarines, whose number is next only to the military superpowers of Russia and the United States, and has energetically developed the projection capability of its ocean naval force. This not only affects regional peace in Asia, but, still more, poses a direct threat to the security of the Taiwan Strait. Our Navy has only two Chienlung-class submarines purchased from the Netherlands. Such weak combat capability underscores the urgency of reinforcing our naval submarine force.

According to a briefing, Communist China's Navy is divided into the North, East, and South Sea fleets. Although it is the East Sea Fleet which aims its operations at Taiwan, the biggest threat comes from the North Sea Fleet, whose vessels and submarines form the combat backbone of Communist China's naval force. As its defense zone covers mainly the Yellow Sea [Huang Hai] and Po Sea [Bo Hai], the North Sea Fleet is responsible for combat operations in waters from the northeastern region to the mouth of the Chang Jiang River; and has major bases in Lushun, Talien [Dalian], Chinghuangtao [Qinhuangdao], Hulutao [Huludao], and Lienyunkang [Lianyungang].

According to military data, at present the Communist Chinese Navy has about 40 submarines in active service, but has almost 100 submarines in reserve service. Its nuclear-powered submarines include 8,000-tonne Hsia [Xia] class ballistic missile submarines and 5,000-tonne Han class assault submarines; and its diesel-engined submarines consist mainly Russian-purchased 3,000-tonne K class submarines, G class strategic guided missile submarines, antiquated R class submarines, and new Ming and Sung [Song] class submarines.

According to the military official, Communist Chinese submarines, which usually train along sea lanes between the bases, have taken part in joint military exercises with Communist Chinese navy and air forces on many occasions. They also sailed through the waters between Taiwan and Japan and appeared off Taiwan's eastern coast and the western Pacific. Traces of Communist

Chinese submarines were also found in the vicinity of the Taiwan Strait. A case in point is: during our armed forces' military exercise codenamed Hankuang No. 11 in 1994, Communist Chinese submarines were under the restraint of our joint naval and air force antisubmarine operation for up to 48 hours.

A military general said: Submarines are strategic weapons with great destructive power, and have the ability to conceal themselves without being tracked down easily. Therefore, they have been designated as assault weapons since World War II. Although antisubmarines armaments have been continuously updated, their effects are rather limited. Communist Chinese submarines, which are already equipped with submarine-launched guided missiles and submarine-launched antiship missiles, pose a grave threat to our Navy's surface vessels and our marine transportation links with foreign countries.

A Navy admiral said: The establishment of a powerful antisubmarine combat force has been a short-term goal of our Navy, whose long-term goal is to build a fleet of submarines. However, due to international sensibility on arms sales, the Navy has been unable to break the bottleneck in arms procurement for more than a decade. At present, the Navy is continuing contacts with several countries in the hope of obtaining a channel for the purchase of submarines to build up the Navy's submarines qualitatively and quantitatively and to effectively safeguard the security of our territorial waters.

#### **Taiwan: Military 'Closely Monitoring' PRC Fishing Boats**

OW0602125096 Taipei CHUNG-KUO SHIH-PAO  
in Chinese 2 Feb 96 p 9

[FBIS Translated Text] At a time when cross-strait relations are at a low ebb, the waters around Chinmen's [Quemoy] Kukang, Chiuchincheng, and Liangshan have been swarming with mainland vessels for several days in a row, with more than 200 sampans and motorboats carrying out fishing operations in "fleets" of 10-15 vessels close to our coast. Frontline defense troops on Chinmen have been closely monitoring the fleets' direction and taking strict precautions against the recurrence of incidents in the Chinmen-Hsiamen [Amoy] waters.

After the "Hsiao Chinmen accidental firing incident" in October 1994, mainland vessels have appeared in fleets of 50-100 boats in the Chinmen-Hsiamen waters to carry out illegal fishing operations. At that time, the military did not exclude the possibility that the other side was taking advantage of the opportunity arising from the delicate bilateral relations to "test" our defense

capability. That a similar "state of affairs" at sea has arisen recently — at a time of strained cross-strait relations — has caused great concern at our military intelligence center.

Despite the huge waves raised by the seasonal northeasterly winds that are currently blowing over Chinmen, since mid-January "fleets" of mainland vessels have intruded into our waters around Kukang, Chiuchincheng and Liangshan southwest of Ta Chinmen. The scope of their operations has widened, moving closer to our coast with each passing day. By late January, the number of vessels had increased from 40-50 to 200-300, and they had moved within 100-200 meters of the coast.

Since fishing operations are carried out at night during this "eel fry" harvest season, local fishermen on Chinmen have observed little daytime activity but unusually hectic nighttime activity by mainland fishing vessels over the past few days. The only plausible "explanation" is that they have merely entered the Chinmen waters to fish for "eel fry."

Fishermen also pointed out that although fleets of mainland vessels had similarly intruded into our waters to carry out fishing operations at this time of year in the past, they were far fewer in number. Although this may have something to do with this year's large shoal of "eel fry," there may be other reasons and we cannot afford to lower our guard.

As the current tension between the two sides of the Taiwan Strait is the most serious since the lifting of martial law, and as the presidential election is due to be held soon, our military intelligence command center has advised all localities to heighten vigilance and closely monitor the activities of mainland vessels in accordance with the principle of "no provocations and no concessions."

#### **Taiwan: Li Says Quake Aid 'To Develop Brotherliness'**

OW0602124896 Taipei CNA in English  
0909 GMT 6 Feb 96

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Feb. 6 (CNA) — President Li Teng-hui said Tuesday [6 February] that Taiwan should offer necessary help to the victims of Yunnan Province earthquake to develop brotherliness.

The earthquake, which measured 7.0 on the Richter scale, killed 300 people and injured 17,000 in Lijiang County on Saturday. In addition, tens of thousands of survivors have kept sleeping outdoors in freezing cold weather.



Li said it is time for Taiwan people to show their concern to Mainland Chinese compatriates. Li's remarks followed Premier Lien Chan's concern for the earthquake on Sunday.

Taiwan's Straits Exchange Foundation sent a message to its mainland counterpart, the Association for Relations Across the Taiwan Strait, on Monday expressing its deep concern about the victims of a strong earthquake there.

Public and private sectors around the island also launched campaigns calling for donations to the relief of the quake victims in the southwestern mainland province.

**Taiwan: Li Yuan-zu Meets Haitian President, Reaffirms Ties**

OW0702112596 Taipei CNA in English  
0940 GMT 7 Feb 96

[By Liang Chun-ti and Sofia Wu]

[FBIS Transcribed Text] Port-au-prince, Haiti, Feb. 6 (CNA) — ROC [Republic of China] Vice President Li Yuan-zu met with Haiti President-elect Rene Preval Tuesday [6 February] for wide-ranging talks.

Li forwarded a letter from President Li Teng-hui to Preval reaffirming his commitment to boosting cooperation between the two countries. In his letter, Li also invited Preval to visit the Republic of China at an appropriate time.

Preval, 53, who will be sworn in as Haiti's second democratically elected president Wednesday, told Li that he admires Taiwan's political and economic achievements. "We hope to learn from your experience," Preval said, adding that Haiti especially needs Taiwan's assistance in agricultural technology and development of small- and medium-sized enterprises (SMEs).

Preval said Haiti attaches great importance to its long-standing relationship with the ROC. "I hope our ties can be further strengthened on the basis of our past cooperation."

Preval said the Haitian Government and people are concerned about reports that Beijing, a permanent member of the United Nations Security Council, may veto the extension of the UN peacekeeping mission in Haiti to vent its anger at Haiti's close ties with Taiwan.

"We hope the UN peace force can remain in Haiti to help maintain law and order, but, if our request is rejected, we'll do our utmost to maintain peace and stability in our society," Preval said.

For his part, Li said the ROC is willing to share its developmental experience with Haiti, one of Taiwan's longtime diplomatic allies.

Li said an ROC mission of agricultural experts will visit Haiti in late February to look into Haiti's needs and will work out a detailed plan to help the only French-speaking Caribbean nation resume rice production.

Taiwan signed a letter of intent with Haiti last year, expressing its intention to provide financing for Haitian SMEs to spur their development. The two sides will further discuss technical details in this regard," Li said.

Earlier in the day, Li met with outgoing Haiti President Jean- Bertrand Aristide to exchange views on matters of mutual concern.

On behalf of President Li, Li decorated Aristide with the Order of Propitious Clouds with Special Grand Cordon and Mrs. Aristide with the Order of Brilliant Star with Special Grand Cordon in recognition of their contribution to promoting ROC-Haiti ties.

In the afternoon, Li also met with Haiti Prime Minister Claudette Werleigh and other senior Haitian officials to discuss concrete plans to expand bilateral cooperation.

Werleigh reaffirmed Haiti's support for the ROC's bid to join the United Nations. "Our stance to support your UN bid has remained unchanged," Werleigh told Li.

Li, accompanied by a five-member entourage, arrived in Haiti Monday for a four-day visit. Li will attend Preval's inauguration Wednesday morning. He is scheduled to meet with Dominican Vice President Jacinto Peyando Wednesday afternoon to exchange views on ways to boost bilateral ties.

Li and his entourage will travel to El Salvador via Miami Thursday for a four-day visit.

**Taiwan: DPP Position Paper Details Reasons for Opposing Lien Chan**

OW0702024496 Taipei CNA in English  
0145 GMT 7 Feb 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Feb. 6 (CNA) — The Democratic Progressive Party (DPP), Taiwan's major opposition party, issued a position paper on Tuesday [6 February] detailing the reasons behind its opposition to the Kuomintang's nomination of Lien Chan as the next premier.

The DPP said it would team up with other opposition parties in the legislative yuan to block the nomination of

Lien, who resigned as premier, along with his cabinet, last month, as mandated by the Constitution.

ROC President Li Teng-hui later picked Lien to head the caretaker cabinet that will be in place until [word indistinct] next ROC president and vice president take office, in early May. Li and Lien comprise the Kuomintang's presidential ticket.

"It is a most inappropriate political decision to name Lien the cabinet's caretaker," the DPP said. The legislative chamber is scheduled to screen premier nominees Feb. 13-15 and to exercise right of consent after Chinese lunar new year, which falls on Feb. 19.

The DPP said the fact that the Kuomintang government continues to insist on one-party leadership shows that it has yet to realize the crises it faces from within and without the party, and that the "corrupt and fragile" KMT government is entirely unable to cope with those crises.

The DPP also voiced fear that if Lien's nomination passes, he may duck the constitutionally mandated supervision of the legislative yuan, since most of his time until the presidential and vice-presidential election is expected to be taken up by campaigning.

The need to perform double duty would make it impossible for the government's administrative branch to stay neutral in the upcoming election, the DPP said.

The DPP has demanded that a coalition government backed by all parties be formed prior to the March 23 election to ensure a smooth polling campaign.

With the support of the New Party, the DPP for the first time displayed its muscle when its chairman, Shih Ming-teh, almost overtook KMT nominee Liu Sung-pan in the election for Legislative Yuan president last week. Shih and Liu tied [word indistinct] the first round of balloting, but Liu won the election in the second round.

The KMT holds a paper-thin majority of 85 seats in the 164-seat Legislative Yuan, while the DPP controls 54 seats, while the New Party, the breakaway party of the KMT, and independents hold the remaining 25 seats.

#### **Taiwan: Groups Join To Form 'Green Political Party'**

OW0702115596 Taipei CHUNG-KUO SHIH-PAO  
in Chinese 26 Jan 96 p 2

[By reporters Li Chi-kuang (2621 1323 0342) and Chen Feng-lan (7115 7685 5695)]

[FBIS Translated Text] On 25 January, the "Green Taiwan Political Group," which was formed by more than 20 social organizations including environmental protec-

tion, women, the disabled, and wildlife and nature societies, announced the establishment of the "Green Native Land and Pure and Fresh Party" [lu se pen tu ching hsin tang 4845 5331 2609 0960 3237 2450 8093] (abbreviated as the "Green Party"). The party adopted the "green self-help declaration" at the inauguration; elected Kao Cheng-yen [7559 2052 3508], Taiwan Environmental Protection Alliance chairman, as convener; and vowed to attain the objective of constructing Taiwan into a new country by pursuing an ecology-enhancing stand.

The above social organizations have been maintaining close relations with opposition parties for a long time. Since publicly launching the recent "new political and environmental protection campaign," they have regarded, as their objective, "making use of junk, and recycling resources — members of social organizations joining in the election of National Assembly members." The 20-odd social organizations also included the Taiwan Environmental Protection Alliance, Taiwan Professors' Association, and Care-For-Life Association.

To nominate candidates for unspecified districts in the election for the third National Assembly and win more seats, Taiwan's social organizations announced the establishment of the "Green Party" at the Taiwan University Alumni Association building on 25 January; read a draft of the party constitution; and adopted the "green self-help declaration." The party aims "to promote social and political reform in Taiwan and to construct Taiwan into a new country by pursuing an ecology-enhancing stand."

The party's "green self-help declaration," which was issued after the inauguration, pointed out: Aiming to become a ruling party by compromising with social reality, the Democratic Progressive Party that was previously close to Taiwan's social organizations has been moving farther and farther away. Therefore, Taiwan's social organizations decided to organize a permanent supervision organization at the parliament that has identical views as the social organizations, and to carry out the program of utilizing junk, recycling resources, and competing in the election of national assembly so as to attain the objective of accomplishing social work that enhances public welfare by recycling national resources.

The party pointed out: To attract members from various circles, the draft party constitution accepts trans-party membership so as to get talented professionals and attain targeted objectives. This is the aspect that differentiates the Green Party from other political parties. On 25 January, the Green Party elected, through ballots, seven members of the Central Executive Council: Hung Yi-cheng [3163 5940 4453], Shih Hsin-min [2457 0207 3046], Chen Chien-yi [7115 6197 5940], Kao Cheng-



yen, Lin Chang-mao [2651 7022 5399], Liyiching Yuma [7787 0181 0079 1429 3854], and Chen Ming-jen [7115 2494 0088]. Central Appraisal Council members are Wu Heng-chang, Wu Yu-chin, and Chang Shu-mei.

According to resolutions adopted at the 25 January inauguration, in the future, the Green Party will organizationally set up local party branches and special party branches in various counties and cities. The party organ with supreme powers is the National Party Congress, which will be held once a year and will be convened by the Central Executive Council. The Central Executive Council is the party's executive organ, and the central appraisal council is its appraisal organ.

**Taiwan: 24 Illegal Mainland Immigrants Arrested**

OW0702032896 Taipei CNA in English  
0107 GMT 7 Feb 96

[FBIS Transcribed Text] Taipei, Feb. 6 (CNA) — Twenty-four illegal Mainland Chinese immigrants, carrying arms and drugs were arrested Tuesday [6 February] in the northern Taiwan coastal town of Kungliao, police said.

The mainland stowaways, including 17 men and seven women, were carrying 100 rounds of ammunition,

two "Black Star" handguns and two kilograms of amphetamines when they were found by Marine Police on the coastal highway in Kungliao, Taipei County at [time indistinct].

This was the first time that illegal mainland immigrants have been found to have tried to smuggle [word indistinct] together with arms and drugs into Taiwan, police said. The case has caused great concern of police authorities. The National Police Administration has ordered local police authorities to tighten coastal security in the run-up to Taiwan's first-ever [word indistinct] presidential elections on March 23.

The seized mainland immigrants are being detained in Keelung for questioning.

A total of 250 illegal mainland immigrants were arrested between Jan. 1 and Feb. 5, according to police tallies.

Police said although the number of arrested mainland stowaways has declined as compared with the same period of last year, the identities or backgrounds of the illegal mainland immigrants have become more complicated. Some of them were former Red Guards or members of the Chinese Communist Youth Corps. [passage indistinct]

## Hong Kong

### Hong Kong: Jiang Said To Caution PLA on Attacking Taiwan

HK0702063996 Hong Kong SOUTH CHINA MORNING POST in English 7 Feb 96 p 1

[By Staff Reporter]

[PTS Transcribed Text for FBIS] Hong Kong would be put at risk if China took military action against Taiwan before the end of the century, President Jiang Zemin has warned the People's Liberation Army's [PLA] top brass.

Meeting generals keen to push ahead with plans for a military invasion of the island, Mr Jiang told them such action could wreck reunification with Hong Kong and Macao.

"Comrade Jiang expressed worries about the damage to the Hong Kong economy and the smooth transition in 1997, as well as confidence on the part of overseas investors along the entire coast," said a source in Beijing.

Mr Jiang, the chairman of the Central Military Commission, has publicly stated the Taiwan issue should not be tackled until Beijing resumes sovereignty over Hong Kong next year, and Macao in 1999.

He told the generals Beijing should continue its relatively conciliatory line towards Taipei, as outlined in his January 1995 "eight point peace initiative", until after the island's March 23 presidential elections.

But, in a worrying split between Mr Jiang and his senior military personnel, sources said he was unable to persuade the PLA to curtail its active preparations for war.

While China has already decided to hold war games off Taiwan before the election, sources say a decision on escalating the present sabre-rattling to more substantial moves towards forced reunification will not happen until April or May.

But the generals urged Mr Jiang to take "speedy action to solve the Taiwan issue once and for all", warning that Taipei was about to acquire sophisticated weapons.

They suggested Taiwan's pro-independence movement would become more entrenched if, after his expected re-election, President Lee Teng-hui "formalised his collusion" with elements in the opposition Democratic Progressive Party.

The generals also explained why they believed Washington would not intervene in the event of an invasion, particularly in a US presidential election year.

There are also signs that the military view may have more support in Beijing than Mr Jiang would like.

While the first anniversary of his "eight-point peace initiative" was celebrated with much fanfare in Beijing only last week, Western diplomats said none of the PLA top brass had voiced open support for Mr Jiang's programme.

Moreover, his political foes on the Politburo Standing Committee, Qiao Shi and Li Ruihuan, had both sided with the PLA hawks.

Mr Qiao, head of the legislature, and Mr Li, chairman of the Chinese People's Political Consultative Conference, said nothing when Mr Jiang first issued his initiative and refused to endorse it last week.

In the meantime, preparations for the military exercise along the Fujian coast and a possible small-scale invasion — are continuing with minimal Politburo supervision.

Apart from military commission vice-chairman General Zhang Wannian who masterminded the four manoeuvres last year, Assistant Chief of Staff and Chief of Military Intelligence General Xiong Guangkai was also playing a pivotal role, sources said.

Mr Jiang was last year unable to prevent General Xiong, who is also the PLA expert on US affairs, from becoming secretary-general of the party's Leading Group on Taiwan Affairs.

### Hong Kong: Li Peng Meets With Democratic Alliance Delegation

OW0602131896 Beijing XINHUA in English 1249 GMT 6 Feb 96

[FBIS Transcribed Text] Beijing, February 6 (XINHUA) — Chinese Premier Li Peng said here today that the time is right and it is the desire of the people for Hong Kong to be returned to the motherland.

Li made the remarks here this afternoon at a meeting with a delegation from the Democratic Alliance for Betterment of Hong Kong, led by its chairman, Tsang Yok Sing.

Li said, "We are pleased to note that positive changes have taken place in Hong Kong residents' feelings about this and their understanding of China's principles and policies on Hong Kong is increasing."

Welcoming the delegation, Li noted that since its founding, the Democratic Alliance has adhered to the principles of loving both the country and Hong Kong and done a lot in uniting Hong Kong residents, especially at



the grass roots level to involve them during the transitional period.

Li expressed the hope that the Democratic Alliance, as a patriotic organization, will continue to make contributions to Hong Kong's stable transition and the smooth transfer of the power in the remaining 511 days.

Patriotism means loving Hong Kong too, he said, adding that the formulation of China's principles and policies toward Hong Kong has fully considered the actual conditions of the region, which are beneficial to Hong Kong's long-term stability and prosperity.

The premier noted that there are many organizations in Hong Kong, and that, "It is my view that those who persevere in loving the country and Hong Kong, support and implement the Basic Law for the Hong Kong Special Administrative Region, will surely win the support and trust of Hong Kong residents."

**Hong Kong: Li Peng on Monetary Policy, Impact on Hong Kong**

HK0702064096 Hong Kong WEN WEI PO in Chinese  
7 Feb 96 p A1

[Dispatch by staff reporter Han Hua (7281 2901): "Li Peng Speaks on Monetary Policy, Saying Money Supply Will Not Be Further Tightened this Year"]

[PTS Translated Text for FBIS] Beijing, 6 Feb (WEN WEI PO)— Today Premier Li Peng met with a delegation from the Democratic Alliance for the Betterment of Hong Kong (DAB). After the meeting, Tsang Yok-sing quoted Li as saying that China's economic policy will not bring about a negative impact on Hong Kong. China's principle of economic development is characterized by a "sustained, rapid and healthy" growth. In line with the expansion of China's market and a constant influx of foreign capital, Hong Kong can serve as a bridge between China and the outside world and will have brighter prospects after 1997.

As regards China's monetary policy, which is of great concern to Hong Kong people, Tsang Yok-sing quoted Li Peng as saying that the "moderately tight" monetary policy implemented last year is still applicable to this year, under which money supply will not be further tightened.

Tsang Yok-sing said that he briefed the premier on the work of the Complaints From Hong Kong and Macao Section of the Department for Receiving Calls and Letters under the Guangdong Provincial People's Government. This department was proposed by the DAB the year before last and was established on 1 May last year. Tsang added that the DAB also proposed

setting up similar organs in other provinces, on which Premier Li Peng is very keen.

**Hong Kong: Li Peng Says No 'Overlord' To Interfere With SAR**

HK0702070096 Hong Kong SOUTH CHINA  
MORNING POST in English 7 Feb 96 p 2

[By Louis Won in Beijing]

[PTS Transcribed Text for FBIS] Chinese Premier Li Peng has reiterated that Beijing will not send a mainland official as an overlord after the handover.

Members of the Democratic Alliance for the Betterment of Hong Kong (DAB) told Mr Li at a meeting in Beijing yesterday that many Hong Kong people were worried an overlord would be sent to interfere with the Special Administrative Region government.

After the 45-minute meeting, Party Secretary General Cheng Kai-nam quoted Mr Li as saying the post-1997 government would stand alone and not be subject to interference.

Party chairman Tsang Yok-sing said he asked the premier about the role of the local branch of Xinhua (the New China News Agency), China's de facto embassy.

Mr Li said arrangements for post-'97 mainland institutions in Hong Kong were still being discussed.

Mr Tsang quoted the premier as saying Xinhua currently was not an overlord as it had no power. "Mr Li made a joke that Chris Patten wouldn't listen to what Xinhua officials said," Mr Tsang said. "He also said Xinhua only played the role as a bridge and as China's representative body, and it reflected Hong Kong people's views.

"Mr Li said he didn't believe China's economic policy would have any negative impact to Hong Kong," Mr Tsang said.

The Chinese authorities will introduce measures to regulate the export of mainland workers to Hong Kong, officials of China's Ministry of Foreign Trade and Economic Co-operation told the DAB delegation.

The move comes after a spate of labour disputes involving mainland workers in Hong Kong. The workers have alleged their wages were illegally withheld.

**Hong Kong: Beijing Adopting 'Hard Stance' on Right of Abode**

HK0702070396 Hong Kong EASTERN EXPRESS  
in English 7 Feb 96 p 1

[By Sally Blyth, political correspondent]

[PTS Transcribed Text for FBIS] China is adopting an increasingly hard stance on the question of the future right of abode of Hong Kong residents, raising fears among British and Hong Kong officials that Beijing may resolve the problem unilaterally, and without Britain's consultation.

Contrary to recent optimism, an official close to the British side in the Sino-British Joint Liaison Group (JLG), has warned Beijing's uncompromising attitude is in danger of having a "disastrous effect on confidence in the territory".

The official hoped Beijing would not try to bypass discussions in the JLG as British and Chinese negotiators sounded a friendly note in public at the start of yesterday's three-day JLG meeting.

Both sides pledged to step up the pace of work with an agreement to hold an extra session this year, something the British side has been trying to persuade the Chinese side to do for more than two years. Agreements on a number of technical issues are expected when the meetings end on Friday.

It is the first formal session the negotiators have held since the visit by the British Foreign Secretary, Malcolm Rifkind, to Beijing last month.

The leader of the British side in the JLG talks, Hugh Davies, refused to predict the outcome of the meetings, giving rise to speculation that headway may be made on more substantial issues.

But sources close to the talks warned against such expectations.

Agreement is not expected to be reached on either of the two key issues during this week's negotiations, namely on right of abode and container terminal nine (CT9), despite the substantial progress Rifkind claimed he had made on these matters while in Beijing.

It is now widely recognised, as first reported by Eastern Express, that Rifkind's Chinese counterpart, Qian Qichen, was merely restating Beijing's position on the right of abode issue, and not announcing any shift in policy, as implied by the foreign secretary.

It is understood that the concern now among British negotiators is that since Rifkind's visit, Beijing has rebuffed every effort to hold more detailed expert discussions on the right of abode question.

If Beijing was keen to resolve the issue, Chinese officials would have been expected to show more inclination to meet at the negotiation table.

The fact that this has not happened leaves little hope for any substantial progress to be made during this week's formal JLG talks, since there is not time during such sessions for detailed discussions.

Diplomats are reportedly worried that Beijing has no intention of holding detailed discussions with Britain on the issue, since Beijing has made it clear that it is a matter that comes under Chinese "sovereignty" and nationality law.

A source close to the negotiations said: "The impression is that China is taking a harder line... and therefore feels no obligation to get an agreement in the JLG. The implication of this is very bad. People need to know where they stand. It is bad for confidence and investment."

The chances are also slim for any positive outcome on CT9. It had been hoped that the consortiums involved in building and operating the container port would have reached a commercial agreement among themselves before the end of the JLG session. But this now looks unlikely.

Britain therefore had been hoping to pass the commercial agreement on to Beijing during this session.

The Chinese Foreign Minister gave an undertaking to Rifkind last month that Beijing would look favourably on any commercial agreement which the companies involved reached. This was widely interpreted that Beijing had given the go-ahead to CT9.

However officials are now privately cautioning against such an upbeat interpretation, since Beijing still has the right to veto the accord.

**Hong Kong: Changes Expected in Home Visit Permit Format**

OW0702014496 Beijing ZHONGGUO XINWEN SHE  
in English 1258 GMT 6 Feb 96

[FBIS Transcribed Text] Guangzhou, February 6 (CNS) — Over the past two weeks, post 1997 changes to the format of the Home Visit Permit a legitimate travel document equivalent to an entry visa held by ethnic Chinese living in Hong Kong and Macao for travel to and from mainland China has been widely reported in the Hong Kong and Macao mass media.

Changes to the format were first mooted by Chen Shaoji, head of Guangdong provincial public security bureau. Today, this was confirmed by deputy public security



chief Zhang Shengqin. Surrounded by journalists, Zhang said he tended to agree with the change which, in his opinion, "will simplify travel procedures and give added convenience to permit holders."

"The public security bureau has contemplated a chip card like the smart card but the final decision has yet been made."

In the meantime, Hong Kong and Macao-based Chinese continue to use the Home Visit Permit whilst the maximum period of validity has been extended from three years to 10 years. In the nineties, bar codes were incorporated in the home permit to facilitate computerised arrival and departure information and simplify procedures.

#### **Hong Kong: Editorial Stresses Statehood, Passport Issues**

HK0702072096 Hong Kong EASTERN EXPRESS  
in English 7 Feb 96 p 11

[Editorial: "Time To Settle '97 Uncertainty"]

[PTS Transcribed Text for FBIS] Statehood is one of the most fundamental, as well as perhaps one of the most crucial issues affecting everyone on the planet. In every other country, it is a perfectly straightforward matter.

To the people of Hong Kong, unfortunately, in this unique transitional period between one sovereign and another, it is nothing but a key anxiety among a welter of other uncertainties to be dealt with as the handover draws nearer.

The ethnic minorities, the most unfortunate of all, face the horrible possibility of statelessness. The remainder of the 6 million have been living in a long-drawn out limbo in which the regulations constantly fluctuate.

Britain and China waver, hesitate and either change the rules or refuse to make any. As usual, Hong Kong is caught in the middle, with nothing guaranteed about the future except the passport issue will no doubt change another few times before June 30, 1997 arrives, by which time the two contending parties will have no choice but to make up their minds.

While the British prevaricate, the Chinese manage a complete reversal of policy. Until the matter of Lo Tak-shing's Chinese passport was revealed, Chinese passports were said to be out of the question. Then it transpired that Hong Kong citizens could apply for them under special circumstances.

This week the Public Security vice-minister Mou Xin-sheng, has declared that it is permissible to apply for one direct from the Guangdong authorities. That seems to clear up one conundrum for the time being. Who

knows whether the regulations will change again next week?

Meanwhile, the wrangle over the special administrative region (SAR) passport continues, with reports that the British cabinet is split over the question of whether or not they should grant it visa-free access status.

Such is the distrust between the two sides, that the spectre of a SAR passport being handed out to people from the mainland is causing resistance among some Conservative members of parliament.

Add to that the possibility of an early British election and the unpopularity of any party advocating the admission of more immigrants, and the chances of visa-free access for SAR passports begins to look decidedly unlikely.

Only the possibility that it might be used as a trade-off with Beijing leaves the door open to hope, but the will-they, won't-they rollercoaster continues.

Another anxiety is that by the time the two sides have finally settled the passport issue, the immigration departments of other countries will have only the shortest period to become familiar with the new arrangements. This also requires time.

Immigration officers have to be informed of the changes, so that they instantly recognise the new documents and know what status their government has awarded it.

So it is not merely for the peace of mind of people here that this matter must be settled. The two sides must get together for some straight talking. They must be honest with the people of Hong Kong, and put an end to this uncertainty. Even if the news is bad, at least people will know where they stand.

#### **Hong Kong: Trade Council Assist With China Market Strategies**

OW0602145696 Beijing ZHONGGUO XINWEN SHE  
in English 1131 GMT 6 Feb 96

[FBIS Transcribed Text] Hong Kong, February 6 (CNS) — The Hong Kong Trade Development Council (HK-TDC) which has 11 mainland offices and holds some 100 trade events every year, will embark upon a three-year plan to assist Hong Kong and foreign businessmen to adjust their China market development strategies.

With reduced customs tariffs, rapid reform of state-owned firms and knowledge of the problems previously encountered by Hong Kong businessmen in China, HK-TDC assistant executive director Mary Wong said: "HK-TDC will re-examine its market development strategies with a view to boosting investment in the industrial

sector, on top of trade and commerce, to help Hong Kong investors broaden their mainland operations and enhance active co-operation between mainland, Hong Kong and foreign businessmen."

Mrs. Wong indicated that emphasis would be laid on:

1. Industrial development through making the best use of the resources available in particular regions and cities from exploration to processing and sales. As an example, she gave, the processing of meat and other foods for either domestic consumption or export as an industry offering definite potential in Sichuan Province where there are rich agricultural and livestock resources.

2. With the help of the HKTDC's sophisticated business information network, mainland businessmen will be in a good position to seek out potential clients for investment in China's bonded areas. By doing this, it will not only help Hong Kong investors to explore potential markets in China but will also help raise standards in the mainland processing industry. In the meantime, pilot tests will be carried out in coastal cities with Fujian as the prime choice.

3. To boost manufacturing at the same time as the wholesale and retail industries. When "Hong Kong Fashion Centre" in Panyu, Guangdong Province opens in due course, it will not only provide a fine opportunity to both Hong Kong and foreign manufacturers to market fashionable garments and accessories but will also offer the option of setting up affiliated garment factories as a powerful back-up.

4. The opening of chain stores in different provinces, cities and districts as a means of effectively promoting Hong Kong brandname products.

5. By staging industrial exhibitions, mainland manufacturers will have a good chance to show overseas investors their company backgrounds, standard of technical skills, factory facilities and management systems with the ultimate aim of securing foreign investment.

Mrs. Wong further disclosed that: "While accounting for close to 80 percent of GDP, the Hong Kong's service industry is regarded as the 11th largest in the world. Also, within the current year, HKTDC will create a new department to assume responsibility for the promotion of a broad spectrum of professional services such as trade, finance, law, accounting, advertising and telecommunications in mainland China."

### **Hong Kong: Sino-British JLG Opens 35th Meeting 6 Feb**

OW0602143896 Beijing XINHUA Domestic Service in Chinese 1303 GMT 6 Feb 96

[FBIS Translated Text] Hong Kong, 6 Feb (XINHUA) — On 6 February, the 35th meeting of the Sino-British Joint Liaison Group [JLG] was held in Hong Kong.

During a news conference held before the meeting opened, Zhao Jihua, chief representative of the Chinese side of the Sino-British JLG, said: This year is the most crucial one in Hong Kong's transition to 1997. The Sino-British JLG decided to hold four meetings this year. The positive results achieved by the recent meeting between the Chinese and British foreign ministers gave a new driving force to the work of the Sino-British JLG. In this connection, China hopes the meeting will reach further understanding and consensus on this basis to further promote Sino-British relations. The 35th meeting of the Sino-British JLG will last three days.

### **Macao**

#### **Macao: Beijing To Train More Macao Civil Servants**

OW0602154796 Beijing XINHUA in English 1514 GMT 6 Feb 96

[FBIS Transcribed Text] Macao, February 6 (XINHUA) — Macao will send 25 civil servants to Beijing in April to attend a five-week special training course, an executive of the Beijing-based National School of Administration said here today.

It will be the second of such seminars offered by the mainland school, designed to train more civil servants for Macao, including Macao-born Portuguese people, said Cheng Lianchang, vice-president of the school.

A delegation of the school, headed by Cheng, visited related departments of Macao and called on Macao Governor Vasco Rocha Vieira today.

The two sides agreed to expand their cooperation so that more Macao senior civil servants will be trained in Beijing.

The school trained 23 Macao government officials last year, giving them lectures on China's policies, Chinese history and culture, and teaching them the standard Chinese language as well.

Macao now has over 15,000 civil servants, with most of the middle-and high-level positions of the government held by people from Portugal.

Experts say it remains an uneasy task to have local citizens as middle and senior civil servants before 1999



when China resumes the exercise of its sovereignty over Macao.

Wang Qiren, director of the XINHUA NEWS AGENCY Macao Branch, praised the cooperation in the training of civil servants, saying that it is evidence of the friendly cooperation between China and Portugal.

"It will help Macao civil servants know the structure of the Chinese public service system, improve their comprehensive quality and help ensure a smooth transition of Macao," he said.

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